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THURSDAY, SEPTEMBER 6, 1956



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# The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

60th Year, No. 36  
September 6, 1956

## Second Insurer Off Butler Cover, Group Plan Is Abandoned

Transportation Mutual Will  
Stay On Till Nov. 30 to Let  
Stores Get Other Cover

Transportation Mutual, which is managed by the Mather & Co. agency at Philadelphia, is withdrawing from the group insurance plan on Ben Franklin stores which operate under franchise with Butler Brothers of Chicago. Transportation Mutual assumed the coverage on the same terms and conditions prescribed by Interstate Fire & Casualty of Illinois, which withdrew Sept. 1.

Butler Brothers has written individual stores to indicate it is abandoning the idea of group coverage and advising stores to secure coverage promptly from local sources. Transportation Mutual has agreed to stay on the line until each store owner has had a chance to get coverage, but will not stay on the line beyond Nov. 30. It agreed to accept applications up to Sept. 8, but immediately returned the applications by mail to store owners with notice that the company was relinquishing the line.

Mather & Co., which is one of the old and highly regarded agencies in the east, indicated that it was not entirely familiar with all of the circumstances relating to the line, which has stirred up a good deal of controversy throughout the country. When it became aware of the facts, the agency investigated and announced its decision to withdraw.

## Highlights of the Week's News

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## Continental Casualty, National Fire Stock Purchase Bid Revised

The offer of Continental Casualty to purchase stock of National Fire on an exchange basis of 1½ shares of Continental for 1 share of National has been revised to 1¼ for 1, following an audit by Peat, Marwick, Mitchell & Co. which disclosed that substantial increases are necessary in National's reserves to place them on a level comparable to prior years. National Fire earnings for 1955, on the increased reserves, would have been correspondingly lower.

Directors of both companies will recommend that the new offer be accepted. Continental's purchase offer is subject to acceptance by 51% of National Fire stock, although there is an option allowing Continental to accept less if desired. Continental stockholders will be asked to vote on the purchase in October, and a registration statement will be filed with SEC before the end of September.

Acquisition of stock control of National Fire by Continental Casualty would make Continental one of the largest insurance groups in the country. Continental made its new 1¼ for 1 offer, company officials said, because they believe the purchase will offer benefits to both insurers.

## Receiver Files Suit Against Hopps in Inland Empire Case

Suit has been filed in San Francisco by the Continental Bank & Trust Co. of Utah against Stewart B. Hopps charging fraudulent practices and the wrecking of the Inland Empire Insurance Company of Salt Lake City. The amount sued for is \$2,809,701. Complaint charges that Hopps diverted funds from Inland Empire to his own use after acquiring 90 percent of the company's stock for \$250,000 in 1952. Continental Bank & Trust was appointed receiver for the company last November.

## Mass. Broadens Compulsory WC Cover

Massachusetts has passed a law, effective Nov. 8, making workmen's compensation cover compulsory for employers of three or less employees in occupations held to be hazardous. Previously WC was optional with such employers. Employers with three or fewer employees in non-hazardous work still have the option.

## Donald Knowlton Speaks at Minn. Federation Meeting

MINNEAPOLIS—"State Regulation vs Federal Trade Commission Regulation" was discussed by Commissioner Donald Knowlton of New Hampshire at the annual meeting of Insurance Federation of Minnesota here this week.

## Esmond Ewing Retires After Long, Brilliant Career

Esmond Ewing, vice-president of Travelers, has retired after a life-long career in insurance. He became vice-president of the four Travelers companies in 1946 with responsibility for production of all lines of insurance written by the companies.

His career began with W. D. Gale & Co. agency in Nashville, of which he became associate manager. In 1918 he joined Royal as special agent in Tennessee and later became state agent in Alabama and Arkansas. He joined Travelers Fire in 1925 as district manager of the southern department with headquarters in Atlanta.

In 1927 he was named manager of the southern department, with headquarters at the home office, following an exceptionally fine record in the field. In 1934 he was elected vice-president of Travelers Fire and Charter Oak Fire.

Mr. Ewing has served as chairman of Insurance Executive Assn., president of Eastern Underwriters Assn. and chairman of the governing committee of Interstate Underwriters Board, in addition to numerous other activities in that field. He is a past chairman of the insurance committee of United States Chamber of Commerce.

## New Philadelphia Head for Atlantic

Atlantic companies have appointed Philip S. P. Carpenter manager at Philadelphia, succeeding Edwin G. Stephens, resigned. He joined the group in 1949 as an underwriter-producer at Philadelphia. In 1950 he was named marine manager there.

The Philadelphia office, now at 435 Walnut street, is being moved this month to the Public Ledger building.



Esmond Ewing

## Dwelling Class Gets Critical Eye for Low Cover, High Cost

60% of Fire-EC Items Bring  
Less Than \$25, Packages  
Further Debase Plain Cover

The dwelling class, once regarded as having the fewest underwriting weaknesses of any, is under pressure, and insurers are focusing on it today with a critical look.

The class is, and is expected to continue to be, favorably regarded for insurance purposes since it is one of the largest of all classes numerically and still possesses the desirable underwriting characteristic of wide spread. But it is no longer the class it used to be—if in modern times it was ever quite as good as many thought it was, that is, one which could be put on the books in almost any quantity with inevitably good results.

Competent studies in 18 states reveal that three-fifths of all fire and extended coverage items produce a premium of approximately \$19.50. In 11 other states a check of 384,230 dailies showed that 14.4% produced fire-EC premiums of less than \$15, and from 6 to 11% of 741,992 dailies carried fire-EC premiums of less than \$10. The \$19 will buy very little fire and EC.

Obviously, the agent is in the red on \$20 items; he cannot process the business for what he gets. The company's costs eat into these piddling amounts, and little is left for losses. Fire rates for years steadily have been hammered down while catastrophe, wind and hail losses steadily have climbed—in some areas they are still ahead of the rates. Consequently there is little or no margin in the average book of dwelling business, and some insurers might find, on examination, that the class as a whole is in the red. It takes \$25 to \$35 per item for a company to break even, depending on the territory, and it is quite doubtful if the agent can come close to breaking even on items of this size.

An interesting new influence is be-  
(CONTINUED ON PAGE 35)

## Late News Bulletins . . .

### Report Justice Department Clears Pacific Board

Investigations of the Board of Fire Underwriters of the Pacific and Pacific Fire Rating Bureau by the Department of Justice have cleared both organizations of anti-trust charges, it is understood.

Bert W. Levit, general counsel of board and bureau, said: "An antitrust investigation by the federal Department of Justice of the Board of Fire Underwriters of the Pacific and of the Pacific Fire Rating Bureau commenced with an F.B.I. search of their records starting in June of 1954; this search was made with the full cooperation and consent of both organizations. Later, starting in March 1956, records of about a dozen insurance companies were also examined here by the F.B.I."

The local office of the antitrust division of the Department of Justice has now advised me that their investigation of the board and the bureau is ended.

"It is my belief that this investigation disclosed no violations of the antitrust

(CONTINUED ON PAGE 36)

## Holz Rips 'Digest' Innuendo Hinting Aid to Underworld

**Article Erred in Saying  
He Barred Public Hearing,  
N.Y. Official Points Out**

NEW YORK—Insurance people here were surprised and incredulous at implications in an article in the September *Reader's Digest* that Insurance Superintendent Holz had checkreined the New York department's welfare fund investigation because of underworld pressure operation through Tammany Hall, the New York City Democratic organization.

After stating that the department's investigation, "under the direction of a distinguished corporation lawyer, Martin S. House," was "blocked," the *Digest* article says: "The superintendent of insurance, Leffert Holz, decreed that there would be no public hearings. Then even the closed hearings stopped. Why?"

The reference to "no public hearings" was puzzling to local insurance men, many of whom had attended the department's public hearings on the welfare-fund situation last fall.

In his article author Lester Velie attempts to read significance into the fact that the New York department did not question in public John De Feo, a broker whom Mr. Velie describes as "son of a big-shot racketeer." However, the broker had been questioned by the New York district attorney, had chosen to go to jail rather than talk, and then was freed on a technicality.

Says Mr. Velie in his article:

"I called on New York insurance commissioner Leffert Holz, an organization man in Carmine De Sapi's Tammany Hall, the New York City Democratic organization.

"Was political pressure brought to bear on you to call off the hearings on De Feo and his Cardinal agency?" I asked.

"No one brought any political pressure," he answered.

Asked by THE NATIONAL UNDERWRITER about the article and its insinuations, Mr. Holz said the references to him were purely innuendo and that the article was simply inaccurate in saying that there were no public hearings. He pointed out that the De Feo agency and others had been covered in the investigations made by the previous insurance superintendent, A. J. Bohlinger.

As a result of the inquiry from THE NATIONAL UNDERWRITER, Mr. Holz issued the following formal statement:

"I am fully in accord with the objectives of the writer of the article, namely to see that union welfare and pension funds are properly administered and that the beneficiaries receive every benefit to which they are entitled. Since I have assumed the office of superintendent of insurance I have done everything in my power and will continue to do everything to see that union welfare funds and pension plans are properly safeguarded. If any abuses are brought to my attention I will take immediate steps to correct such abuses if it is within my power to do so."

"One of the first steps taken by me after assuming office was to retain special counsel to conduct an inquiry

into those phases of union welfare and pension funds not covered by the investigation conducted by my predecessor with a view to developing appropriate remedial legislation for recommendation to the 1956 legislature. The investigation was climaxed by public hearings which were held on Nov. 21, 22, 23, and 25, 1955. At those hearings the viewpoints and testimony of all interested persons and organizations which would aid in the formulation of the required legislation were received. The abuses which were disclosed by the investigation conducted by the special counsel appointed have been and are being investigated and where irregularities or violations of the insurance law have been found, the necessary proceedings for disciplinary action are being taken.

The De Feo agency is under investigation and a hearing date has been set, said Mr. Holz. If the licensee is found guilty of irregularities the superintendent has the power to impose a fine, suspend the license for a specified time, or revoke it entirely. The defendant has the right to appeal to the state supreme court for a review of the superintendent's action.

### Mich. Auto Writers Begin Safety Effort

LANSING—An educational campaign designed to impress the motorizing public with the economic waste resulting from highway accidents has been inaugurated by Michigan Insurance Information Service, which represents 12 auto insurers domiciled in the state.

Services of nearly 100 casualty insurance executives are being offered as speakers before interested groups and thousands of pamphlets are being distributed to insured drivers. The link between a heavy accident rate and insurance costs is pointed out, with supporting statistics. It is disclosed that the auto insurance loss in Michigan for 1955 amounted to approximately \$101,834,000, representing damage in 196,812 accidents. This was an increase of 11,278 traffic accidents over 1954 and the damage per accident also showed a substantial rise.

"If we could hold 1956 accidents," the pamphlet explains, "to the 1955 level, and if we could prevent further average-loss, the 1956 insured loss still would increase \$6,816,000, a total increase in two years of \$14,122,000—but Michigan accidents increased another 11% for the first four months of this year, and average per-accident cost increased nearly 7%."

### \$22,500 Shortage in W. Va. Bank Covered

A shortage of \$22,500 in his accounts at First National Bank in Morgantown, W. Va., was blamed by the bank teller, who is also a part-time minister, on a dual personality. The teller, Robert H. Drodge, was said to have admitted to the sheriff that he had taken the money little by little over the past two years. The shortage was covered by a bankers' blanket bond written by Aetna Casualty. The teller said he gave some of the money to other people, spent some on improving his home and other things his family needed.

**John J. Mooney**, has been named assistant branch claim manager at Framingham, Mass., for the Kemper companies. Mr. Mooney has been at Chicago as a liability claim examiner for two years. He joined the Kemper organization in 1947.

## Another Traffic Death Record Set in July

Auto deaths continued to mount in July, according to estimates of the National Safety Council. The month set a new high death toll of 3,570—an increase of 5% over July last year. The old record for the month was 3,419 in 1937.

The seven-month total this year also established a new high, 21,730. The old mark was 20,739, also in 1937. The increase this year over the seven-month period last year was 9%.

July was the 17th consecutive month of traffic death increases. Deaths on the highway are increasing faster than mileage. Travel figures are available for only five months, and for that period deaths were up 9% and mileage 6%. Thus the number of traffic deaths per 100 million miles of travel was 5.9, up 3% from the 5.75 rate at the same time last year.

### American Casualty Offers UJ in Ill.

American Casualty has had its unsatisfied judgment endorsement approved and is writing the coverage in Illinois. It is the first company to offer the UJ endorsement in the state.

Limits of liability are \$5,000 for one person and \$10,000 for two or more persons injured in the same accident. The endorsement covers insured, his wife and minor children who reside in his home when driving or riding in the insured auto, and when, as pedestrians, they are struck by a motor vehicle.

In order to collect on a claim, insured must secure a judgment through court action and furnish proof to the company that the judgment is uncollectible.

In the event of an uncontested default judgment or when the claim is valid but unenforceable because the negligent motorist cannot be identified (such as in the case of a hit-and-run driver), the coverage pays the costs up to the limits of liability of necessary medical, surgical, nurse and doctor care and funeral expenses incurred within one year for each insured who is hurt.

### Contest to Determine Mutual Agent of 1956

National Assn. of Mutual Insurance Agents will hold a contest to select the mutual agent of the year. The winner will be announced during the annual convention in Washington, D.C., Oct. 22-24.

The association has asked members to submit career sketches to the contest committee for preliminary selection of eight contestants, who will make talks on "Your Mutual Agent Offers More" at the convention. Audience applause will determine the winner. Charles M. Boteler Jr. of Washington, D. C., is chairman of the convention committee.

### Crashed Canadian Plane Insured in London

Hull and liability coverages on the Canadian Pacific DC6-B airliner, which crashed and burned while attempting to land at Cold Bay, Alaska, airfield, are in the London market. Seven of 22 persons aboard were reported to have survived. The hull was valued at \$1 1/4 million.

## Wyoming Insurers Elect Paul; Set Record Attendance

JACKSON HOLE, WYO.—More than 200 agents and guests attended the three-day convention here last week of Wyoming Insurers Assn. It was the best attended convention in the association's history.

Henry Paul of Cheyenne was elected president to succeed Max Hursh of Riverton. Other new officers are D. C. Hutton of Sheridan, 1st vice-president; H. A. Grieves of Newcastle, 2nd vice-president; Albert Tweed of Casper, secretary-treasurer, and Guy W. Engle of Casper, state national director.

Members of the board in addition to the officers and past-president are John McInerny of Cheyenne, Mrs. William Castberg of Powell and G. H. Dearinger of Laramie.

The association voted to increase its dues, to employ a full-time secretary and to hold next year's convention at Casper.

Robert E. Battles, vice-president of National Assn. of Insurance Agents, recommended that agents and companies get together to accomplish every possible improvement in coverage, methods, pricing and the selling of insurance. He noted that "what was formerly known as the automobile situation has now become a general condition which prevails throughout the field of personal insurance and should be recognized for what it is—a general problem of self-improvement and meeting competition in the area of widely popular forms of insurance."

He acknowledged that there are some areas of disagreement between agents and companies as to how to arrive at a solution to this competitive problem. "However," he said, "the area of disagreement is far outweighed by the field in which improvements can be made without controversy."

Mr. Battles reviewed briefly the history of auto insurance and said, "Our situation today is that we find directly written cut-rate insurance being sold to a phenomenally larger proportion of the insurance buying market than has ever been the case before. "But," he explained, "collectively, companies and agents have not lost business during the last five years that this situation has prevailed. Agents and companies, however, have not secured new business to anything remotely resembling the degree to which the total insurance buyers' market has expanded in that same period of time." He described the tools of the American agency system and termed them the most valuable asset available to combat competition.

Commissioner Taft, in his address, urged local agents to sell A&S coverages to increase income and also recommended an agents' qualification law.

### Des Moines Agents Elect Wayne Mackaman President

Wayne Mackaman has been elected president of Des Moines Assn. of Insurance Agents, succeeding C. Mac Chambers. Other officers elected include Wayne O. Dailey, first vice-president; Donald S. Willis, second vice-president and Ted Flynn secretary-treasurer.

**E. H. Casavant**, recently retired safety engineer of Aetna Casualty has been appointed deputy civil defense director of Connecticut.

**THE ONLY WAY  
WE KNOW IS**

*MUTUAL OF OMAHA*

**UP!**

## **MUTUAL OF OMAHA'S PREMIUM INCOME UP 15 PER CENT IN 1955**

At the end of 1955, Mutual of Omaha's premium income had reached a new all-time high of more than 156 million dollars for the year. Again this company had maintained its traditional place as the largest exclusive health and accident company in the world. And in individual business, Mutual of Omaha led the nearest other company by more than 36 million dollars, in 1955.

Total benefits paid to policyowners and their beneficiaries in 1955 also reached a new high of 91 million dollars. In February 1956, the total of benefits paid since Mutual of Omaha was organized passed the 700 million dollar mark. Mutual of Omaha issued an average of more than 17,000 benefit checks every week in 1955, and payments averaged over \$7,000,000 a month for that period.



**BUILDING FOR TOMORROW...**

Ground has been broken for building a new 13-story addition to the present Home Office building of Mutual of Omaha. This third building program in 16 years will provide 185,000 square feet of additional floor space needed by this rapidly growing organization.

*Mutual*  
**OF OMAHA**



**MUTUAL BENEFIT HEALTH & ACCIDENT ASSOCIATION**

HOME OFFICE: OMAHA, NEBRASKA

V. J. SKUTT, President

CANADIAN HEAD OFFICE: TORONTO

## Williams Named to Head Federation of Insurance Counsel

HOUSTON—Federation of Insurance Counsel at its annual meeting here elected John C. Williams of Houston president to succeed Robert T. Luce, vice-president and general counsel of Casualty Mutual of Chicago, who was named board chairman.

Some 300 persons attended the three-day session.

J. Harry LaBrum of Philadelphia, former chairman of the insurance section of American Bar Assn., was named executive vice-president and George F. Woodliff of Jackson, Miss., was elected secretary-treasurer.

Named vice-presidents were: Ralph E. Becker of Washington; Emile Z. Berman of New York, who defended S/Sgt. Mathew McKeon in the now famous "death march" trial; John G. Gearin of Portland, Ore.; William A. Gillen of Tampa, Fla.; Roger Lacoste of Montreal; Walter A. Mansfield of Detroit, former chairman of the insurance section of ABA, and G. Frank Purvis Jr. of New Orleans.

New members of the board in addition to Mr. Luce are Gregory Brunk of Des Moines; Claudius A. DesChamps of San Francisco; Thomas N. Foynes of Lynn, Mass.; Ivan Robinette of Phoenix; Bert Strubinger of St. Louis, and Kenneth M. Wormwood of Denver.

Highlight of the meeting was the presentation of the federation's John Henry Tyne award to John A. Diemand, president of North America, for his contributions to insurance. The citation praised Mr. Diemand for his work in introducing package policies and other innovations in insurance techniques. After receiving the award, Mr. Diemand addressed the meeting on "What Lies Ahead for Insurance." His talk is reported elsewhere in this issue.

Carroll M. Shank, president of Prudential, delivered the banquet address on "Insurance and Its Public Relations Problems."

Other speakers included V. J. Skutt, president of Mutual Benefit H. & A., on "Health and Accident"; John P. Gorman of Chicago, on "Fire," and Nor-

man Risjord, vice-president and counsel of Employers on "Underwriting Intent—Automobile."

A trial tactics panel of medico-legal matters featured Dr. J. M. Dougall of Baylor University School of Medicine; Dr. G. W. N. Eggers of University of Texas Medical Branch; Dr. E. Stanley Crawford of Baylor University School of Medicine, and Dr. Howard Turner of Des Moines.

Another panel on "Handling the case for the defendant" was moderated by Robert H. Bowling, vice-president of Southern Farm Bureau Casualty. He spoke on "Cooperation between Company and Trial Counsel." Other speakers were William C. Harvin on Houston, on "Trial Counsel—A Member of the Team"; Forrest S. Smith of American Fidelity Casualty, on "Evaluating the Case—Whether to Settle or Try It," and Newton Gresham of Houston on "Trial and Defensive Use of Demonstrative Evidence."

"The Practical Aspects of Aircraft Crash Litigation," was discussed by Richard S. Maurer of Delta Air Lines, Peter J. McBreen of Aero Associates and Richard W. Galihor of Washington.

Ralph E. Becker of Washington spoke on "The Variable Annuity."

The federation chose the Waldorf-Astoria hotel in New York City as the site of its 1957 convention.

### Dorsett to Discuss Atomic Energy Cover at L.A.

J. Dewey Dorsett, general manager of Assn. of Casualty & Surety Companies and Nuclear Energy Liability Insurance Assn., is to discuss the aspects of insurance and safety in providing liability coverage for nuclear reactors at a special joint meeting in Los Angeles, Sept. 14, of Casualty Assn. of Southern California and Los Angeles chapter of the National Safety Council and Insurance Assn. of Los Angeles.

### Estimate 82% of Wis. Motorists Are Insured

The Wisconsin motor vehicle department estimates that about 82% of Wisconsin drivers now carry automobile insurance, more than twice the percentage of 10 years ago before the safety financial responsibility law was enacted.

- Excess B.I.P.D. Coverages
- Fire and Allied Lines
- Errors and Omissions
- Livestock Mortality
- Professional Liability
- Fire, Theft, Collision
- Products Liability
- Personal Accident
- Replacement Value
- Special and Unusual Lines

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### MASS. SUPREME COURT

### Stresses EC Water Damage Limitations

Water damage to a building caused by a broken pipe which froze in a windstorm was not direct damage caused by windstorm under extended coverage, Massachusetts supreme court held in Williams vs Liberty Mutual Fire, 9 CCH (fire & casualty) 1009.

Insured brought suit for a declaration of rights under EC. The evidence indicated that a windstorm had blown away a protective shutter on insured's building and that, because of the increased cold, a water pipe froze and broke, damaging the building.

The lower court found that the windstorm occurred on three days prior to the actual freezing and breaking of the water pipes, and held that the pipe was not damaged as a direct result of the wind.

The supreme court upheld the lower court and added that EC restricts the coverage of damage to the interior of insured buildings from windstorm and hail to that caused by water, rain, snow, sand or dust entering the building through openings in the roof or walls made by the direct action of these forces. It also restricts damage in water pipes to that caused by direct result of wind or hail. Loss caused directly or indirectly from cold weather is expressly prohibited, the court pointed out.

### National Board Ad Program to Feature Local Agent's Value

The new national advertising program of National Board, which starts in October, will emphasize the importance of the independent local agent. The advertisements will stress his status in the community as an independent business man, in business to see that the customer gets the proper insurance coverage, and his expert personal knowledge, which enables him to exercise judgment and offer reliable advice.

In addition, the program has a contest for agents, based on local advertising he does which ties in with the National Board theme. The program is designed to help win recognition for agents in their communities, and the contest to encourage their participation in the program.

Each advertisement uses the picture of a dog in an eye-catching pose to attract the reader's attention to the advertising copy.

A brochure containing details of the contest, an entry blank and facsimiles of the ads which are to appear in *Saturday Evening Post*, *Time*, *This Week Magazine*, and *Farm Journal*, during the next several months, together with a description of advertising aids, has been mailed to approximately 40,000 stock fire agents.

Of particular interest are the advertising aids, which include decalcomanias, logotypes (or ad cuts), and mats of the standard protection seal. These, as well as glossy prints and mats of the illustrations of the advertisements, are available from the public relations department of National Board. Also available are posters, and radio and TV spot announcements.

To qualify for the contest, agents need to prepare an advertisement, or series, using the national illustrations with their own text in local news-

papers. Copies of the advertisements may be prepared by the agent, or he may have outside assistance. After the ad or ads have appeared in the newspaper, the agent selects the one he thinks best and mails a tear sheet of it to the "Bowser Contest," public relations department, National Board, 85 John street, New York 38. Agents entering the contest will receive an artificial toy "Bowser" wearing a chain collar.

### HIAA To Hold First Program Nov. 12-13 on Health Insurance

Health Insurance Assn. of America will hold a forum on individual health insurance Nov. 12-13 in Dallas. The program will be the first held under the auspices of the association and the first annual meeting of HIAA's individual insurance committee.

The forum will include panel discussions and speeches on such topics as substandard insurance, brokerage business, major medical and claim problems. A program planning subcommittee headed by John H. Lumley, executive vice-president of Benefit Association of Railway Employees, met to schedule events of interest to company representatives who direct individual health insurance programs.

Other subcommittee members are Ward H. Beall, underwriting vice-president of North American Life & Casualty; Ernest B. Forsythe, vice-president of Illinois Mutual Casualty; Allen M. Hansen, assistant vice-president of Mutual Benefit H. & A.; Charles B. O'Connor, A&S manager of Midland Mutual Life; Charles Seavey, 2nd vice-president of Union Mutual Life, and Oliver F. Siegmund, manager of the A&S development department of General American Life.

Chairman of the individual insurance committee, a standing committee of HIAA, is J. M. Wickman, 2nd vice-president of Mutual of New York.

### Ask Wash. Agents to Devise Better 3-Year Payment Plan

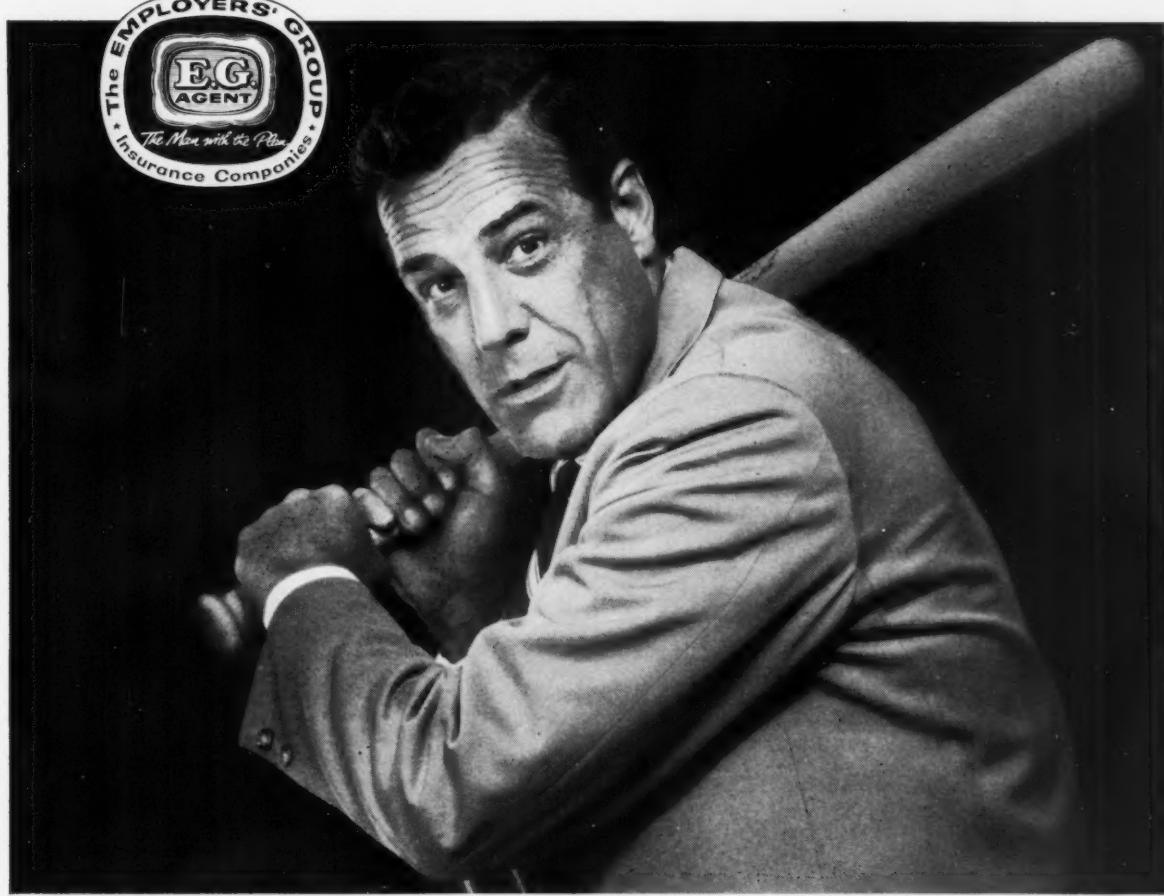
Snohomish County (Wash.) Assn. of Insurance Agents has adopted a resolution suggesting alteration of the annual payment plan to make the advance payment of fire premiums on three year policies more attractive. The resolution has been forwarded to the resolutions committee of the Washington association for consideration and action. The resolution purposely omitted any suggestion as to how the plan would be revised with the hope that a special committee appointed by the state association president could develop the proper revision.

Arthur W. Greene was elected president of the Snohomish association. Also elected were Walter T. Higgins, vice-president; Alvin Petershagen, treasurer; Dolph Rae, secretary; and Dean Carpenter and A. G. Sorenson, trustees.

Mr. Greene announced the participation of the association in the sponsorship of a traffic safety contest between Everett and the personnel at Paine air force base.

### Prevention Materials Available from NFPA

Educational materials on fire safety in the home and industry for use during Fire Prevention Week, Oct. 7-13 have been prepared by the National Fire Protection Assn. and are available at cost. Samples of these special materials may be obtained by writing the publications department of NFPA, 60 Batterymarch street, Boston 10.



*Joining in Operation Home Improvement? Call on "The Man With The Plan" in your community for advice on insurance to cover your increased valuation.*

## He goes to bat for you

Everybody knows that winning World Series teams are composed of seasoned professionals, each man a star in his own position. Many of us, in our everyday affairs, try to be the *whole* team and do all the slugging ourselves. Nine times out of ten we don't get to first base.

If you think about it, that's poor strategy when you could oftentimes call on people, better qualified in their particular field, to hit for you. Like, for instance, your local Employers' Group Insurance Agent.

Here's an experienced professional who's able to step up to "home" plate and give you expert coaching concerning your particular insurance needs. He is set

up to relieve you of *all* the details that go with keeping your insurance affairs in order at all times. He watches premium and renewal dates, advises you when changes in coverage might be made to your advantage, helps process claims, etc. . . . he's a valuable all round performer!

This man runs his own independent business in your community. Your interests and personal service are his first and last concern. Look up this good neighbor now. Write to: The Employers' Group Insurance Companies, 110 Milk Street, Boston, Massachusetts and learn the name of "The Man With The Plan" in your community.

## THE Employers' Group INSURANCE COMPANIES

Fire, Casualty and Marine Insurance, Fidelity and Surety Bonds  
110 MILK STREET, BOSTON 7, MASSACHUSETTS

THE EMPLOYERS' LIABILITY INSURANCE CORP. LTD. - THE EMPLOYERS' FIRE INSURANCE CO. - AMERICAN EMPLOYERS' INSURANCE CO. - THE HALIFAX INSURANCE CO. OF MASS.

*The Man  
with the Plan*

This advertisement appears as a full page in *The Saturday Evening Post*, September 29

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**struggling  
AGAINST TOUGH  
competition?**

We can help you overcome it!

It's easier for you to beat competition with our unusual profit-building plan for General Agents on fire and allied lines, automobile physical damage and inland marine.

If you are interested in a lasting relationship and above-average compensation with a modern Connecticut Company write to:



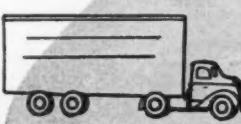
*The Fire & Casualty  
Insurance Company*  
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All Inquiries Will Receive Our Immediate Attention



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LONG HAUL

Our automatic treaties combine, on a quota share basis, American Stock Companies and Lloyd's, London, providing strength and security for you and your insureds. The classes of coverage listed below are merely a few of those available to your agency.

Long Haul Trucks  
Butane and Propane  
General Liability

Anhydrous Ammonia  
Busses  
Products

**Homer Bray Service, Inc.**

P. O. Box 1008

HOME OFFICE

Albuquerque, New Mexico



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Atlanta  
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Oklahoma City

Seattle  
St. Louis  
And More To Come



XUM

### PERLET'S SUGGESTIONS TO LAWYERS

## What to Do About Powers, Filing and Drafting Problems of Package Policies

The legal problems created by the development of package policies and possible solutions were outlined at the insurance section of American Bar Assn. in Dallas by Harry F. Perlet, general manager of Inter-Bureau Insurance Advisory Group. After the subject was assigned to him and the speech drafted, National Assn. of Insurance Commissioners set up a subcommittee to study many matters in this area. Consequently, he said, his comments were not to be construed to represent the views of any organization with which he might be associated.

Some advocate radical changes in the entire system of underwriting powers, rate regulation and filing procedures, he observed, but possibly something other than multiple line underwriting prompts this position, although it has furnished a convenient excuse. Mr. Perlet does not believe sufficient experience has yet been accumulated and digested to indicate conclusively in which direction the proper road lies. Also, experience cannot be disregarded and become no longer valid without the risk of rebuying the experience already purchased at a very high price. Some changes in underwriting can be explained by new merchandising concepts, but this can never change the underlying and basic principles of insurance.

Consequently, only such changes should be made in the present system as are absolutely necessary, until trends have been established and needed changes more clearly indicated. With respect to underwriting power statutes, Mr. Perlet believes:

1. Sufficient power now exists in the statutes of all states to authorize the writing of named-peril package contracts on a divisible or indivisible premium basis.

2. Sufficient power now exists in all states having a miscellaneous powers section to authorize the writing of all-risk policies. If there is no miscellaneous powers section, he believes there is serious doubt as to the power to write these contracts, with the exception, of course, of contracts which qualify as inland marine. In order to give complete legality to such contracts, states without this provision should consider adoption of one.

3. In connection with the question of multiple line powers, it is frequently recommended that ML be added to the statutes as a new kind of insurance. He thinks that adequate provision now exists in most states to authorize the writing of any existing contract, and believes it inadvisable to confuse the situation by setting up ML as a new kind of insurance.

As to the rate regulatory laws, he made these conclusions:

1. For named-peril multiple line contracts at a divisible premium, a filing under both rate laws is proper. When the contract is completely divisible, the rating law standards can be applied separately against each portion.

2. A company may file through all interested rating bureaus or, if it does not belong to all, it may make an independent filing of the remaining portions. This may present some practical difficulties and is not necessarily the easiest or simplest method. He observed, however, that this situation is a matter of individual company choice and not one that has been forced upon it. If a company wishes to enjoy independent operation, it should be prepared to accept the concomitant disadvantages.

3. Named-peril policies on an indivisible premium basis can also be the subject of a joint filing by two or more bureaus. If a single bureau licensed under both rate laws can make such a filing, it is conclusive that two or more rating bureaus licensed under the identical rate laws can likewise make the filing.

4. In the case of indivisible premium policies it is a little more difficult to apply the rate laws because no part of the premium is specifically allocated to a given coverage. While an arbitrary percentage allocation of the premium offers one solution, addition to the rate laws of a new section to make applicable the rate law regulating the predominant peril or coverage, is the better permanent answer, he believes, and suggested some such language as:

"If any insurance coverage contains a kind of insurance, subdivision or combination thereof, which is subject to regulation under another rate regulatory chapter of this code in addition to coverages subject to regulation under this chapter or is written on an all-risk basis (except inland marine contracts), the applicable rate law shall be that which regulates the predominant peril or coverage. In such cases any rating bureau licensed under this chapter shall continue to have jurisdiction for its members and subscribers over the kinds of insurance included in such insurance coverages."

5. If all-risk policies can be classified as inland marine, of course, they

(CONTINUED ON PAGE 34)

## New Insurance Plan in the Mill for Motel Operators' Organization

American Motor Hotel Assn. is planning to unveil an insurance program for motel operators affiliated with the organization at the organization's national convention in Salt Lake City Sept. 27-29. Nelson Salmon, director and chairman of the insurance committee of the motor hotel association, has been conferring with insurers for two years in an effort to work out a low cost multiple line insurance plan to be made available to the membership.

According to the "News Bulletin" of AMHA, one of the requirements, in negotiating with companies, is that only major insurers, "long recognized as outstanding organizations and writing insurance in all the 48 states could be considered. Second, the company must have a national sales and claim organization so that member motels would be working with local representatives that could adequately serve their insurance needs. Obviously, the cost and coverage would have to be better than is available to the motel operator at the present time."

The announcement states that the association has not yet approved any plan, although negotiations and study "have progressed to the point where it appears possible to secure a program that would have immense benefits to motel operators. Several proposals are being evaluated to determine which would be most beneficial."

Proposals studied to date include: Fire and allied lines, general liability coverage, workmen's compensation and employers liability, miscellaneous casualty coverages, group life, hospitalization, sickness and accident.

The plan will not be packaged, members being permitted to purchase the particular type coverage desired.

The preliminary announcement states that mortgage companies may attempt to coerce motel owners into continuing to carry insurance under tie-in agreements. Members of the association are advised: "Don't believe the borrowing of money takes away your right to put your insurance anywhere you choose, cause it just ain't so."

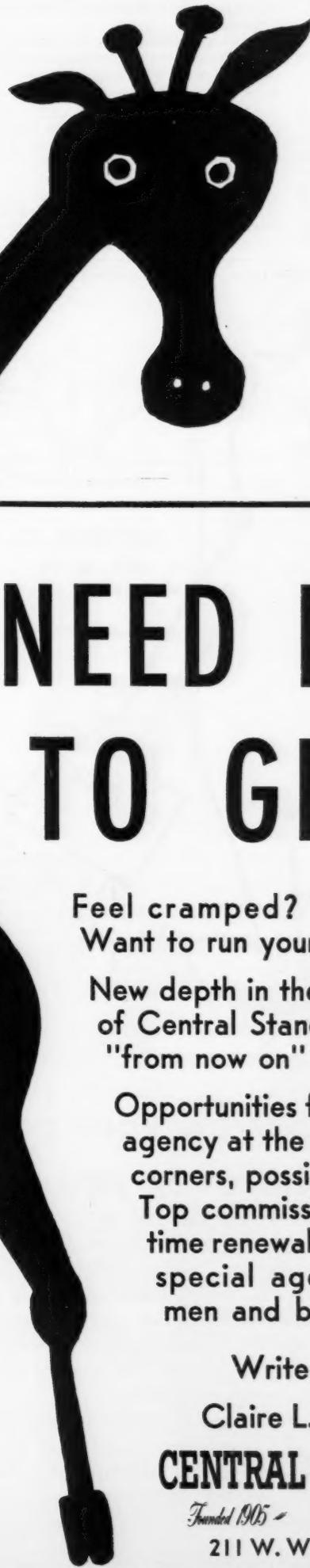
No mention is made in the announcement as to how "cost and coverage would be better than is available to the motel operator" in the face of anti-discriminatory laws which exist in virtually all states.

### GAB Promotes Graddy, Frilick in South

General Adjustment Bureau has promoted Thomas B. Graddy from adjuster in charge at Clarksville, Tenn., to branch manager at Dothan, Ala. James W. Frilick, senior adjuster at Tupelo, Miss., has been named to succeed Mr. Graddy at Clarksville.

Mr. Graddy joined the bureau in 1948 and transferred to Clarksville in 1954. Mr. Frilick went to the bureau in 1947.

The trial of a former insurance commissioner of South Carolina, D. D. Murphy, and Paul Temple, Chicago insurance broker, Bradley Layton, former vice-president of Guaranty F.&M., George R. P. Farquhar, former president of that company, A. T. Hogan, chairman of United of Chicago, on charges of conspiracy to defraud, has been postponed. The supreme court will be asked to order a special term of general sessions court in November to handle the case. It was to have been heard in September.



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Opportunities for your own general agency at the grass roots, the four corners, possibly your home town.

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211 W. Wacker Drive, Chicago 6

## United Adjustment Names Balch Chairman, Martin President

United Adjustment & Inspection Co. of Kansas City has advanced W. S. Balch from president to chairman and G. B. Martin from secretary to president. Mr. Balch was named president of the organization when it was formed 25 years ago. Mr. Martin joined the company in 1940 and became manager at Joplin in 1945. The past four years he has been secretary and supervisor

of southwestern Missouri, Kansas and Colorado.

William Cashman, vice-president at St. Louis, has received expanded duties in connection with supervision of offices.

The Dennis E. Corn and the Lawton Swan agencies of St. Petersburg, Fla., have merged, under the name of the latter agency.

The Lubbock office of Standard Accident has moved to the All-American Security Life building.

## Reargue N. A.'s 10% Deviation in N. C., May Get 8% Cut

At a rehearing conducted by the North Carolina department on North America's request for a fluctuating 10% fire and extended coverage deviation, North America attorneys argued that a "frozen" deviation would be administratively impossible. They again requested a deviation that would fluctuate with any change in bureau rates.

Commissioner Gold observed he did not feel a 10% fluctuating deviation could be justified, but he advised North America it could withdraw the filing, accept the frozen deviation or modify the request. He said he would consider a fluctuating deviation of 5%.

After conferring, North America attorneys said they believed they could present statistical evidence to justify a deviation of 8%. Mr. Gold gave them another week to prepare their modification.

Meanwhile, the North Carolina Fire Insurance Rating Bureau, which also had asked for a rehearing, said it had no further evidence or arguments to offer. Indications are that the bureau will appeal to the courts, even if the department stands on its frozen deviation for North America.

## Auto Rates Revised in Minn. and S. C.

National Bureau of Casualty Underwriters has revised auto liability rates in Minnesota and South Carolina Sept. 5. Mutual Insurance Rating Bureau also has revised rates in those states.

In Minnesota the National Bureau rate level is unchanged.

For some cars without male operators under 25 there are rate reductions ranging \$1 to \$7, for others rates are increased from \$1 to \$4. In "remainder of state" territory this class is reduced. For Duluth and vicinity rates are reduced for all cars without male operators under 25 except those used in going to work a distance of 10 or more road miles one way. For the latter the rate is increased \$1.

Married young men and those not owners nor principal operators, get increases of \$1 to \$6. But under-25 bachelors are increased \$20 to \$32.

In South Carolina for cars without male operators under 25 rates are increased for Charleston and vicinity and Aiken and Barnwell counties. Elsewhere rates are reduced for some cars in this class \$1 to \$9. Increases range from \$1 to \$3.

Rates for the under-25 bachelors go up from \$16 to \$54. For married young men and those not owners nor principal operators increases are \$1 to \$26, except in Greenville and Spartanburg where there is a \$3 reduction.

In Minnesota Mutual Bureau has reduced class 1A rates \$1 in one territory, makes no changes in two territories and increased rates for the remainder of the state by \$2.

Class 3 is reduced \$1 in one territory, remains the same in two, is increased \$3 in the other two territories.

Class 2C is increased substantially in all territories. Class 2A gets lesser increases.

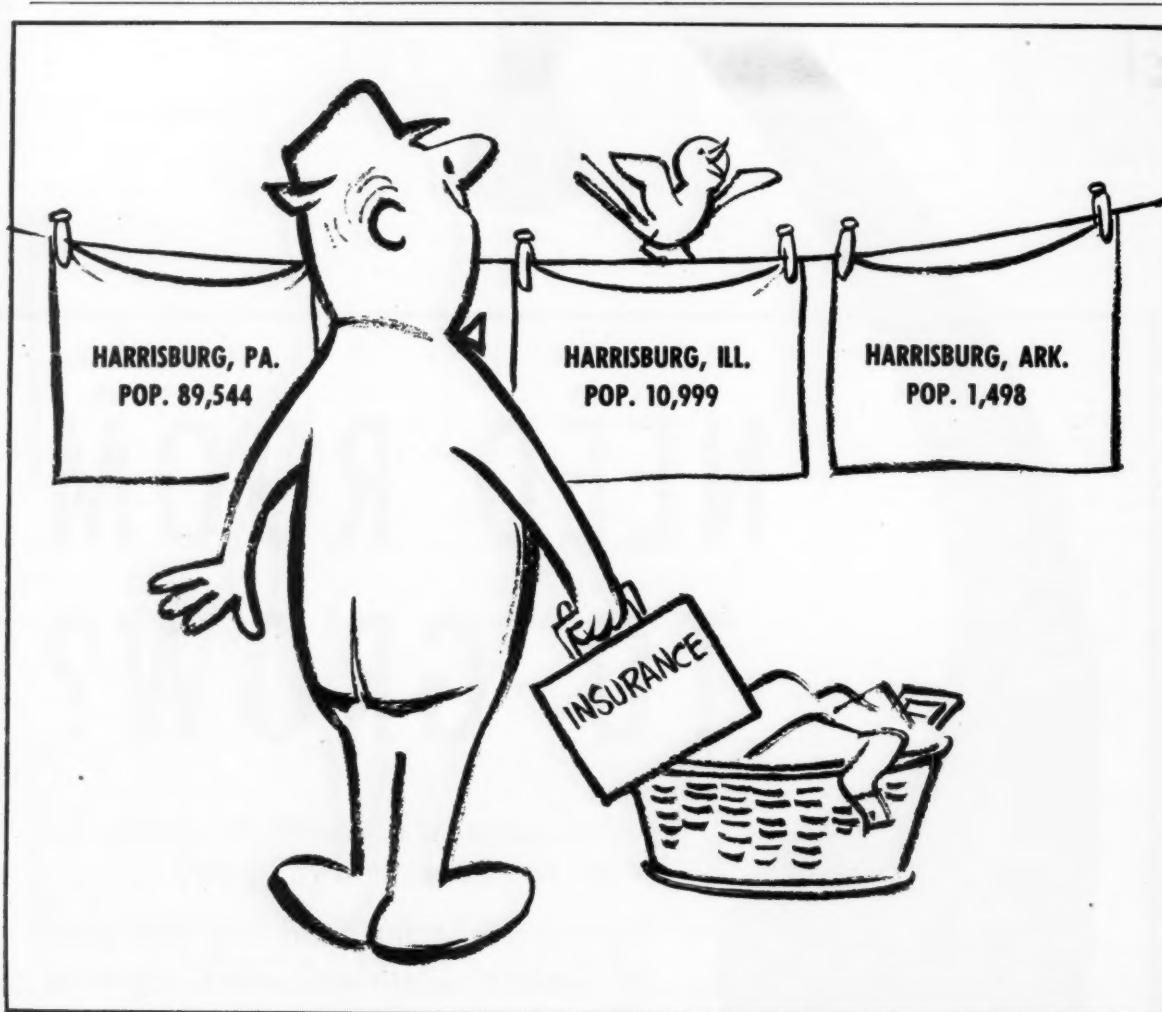
In South Carolina 1A gets up to \$2 decreases in two territories, up to \$10 increases in others.

Class 3 is reduced up to \$3 in two territories and increased up to \$11 in other territories except one where there is no change.

Class 2C has been substantially increased and 2A increased in all but one territory.

Both bureaus continue to give farmers a 20% discount.

Harleysville Mutual Casualty's written premiums increased 10% during the first six months of 1956, compared with the corresponding period of 1955. However, the company's underwriting profit for this period in 1956 was \$50,900, compared with \$495,300 a year ago.



## LIFE lines up your prospects ... wherever you are

**Wherever your territory is**, you can rely on the powerful local influence of LIFE to help you sell insurance.

That's because insurance advertising in LIFE reaches the largest audience delivered by any weekly magazine. And this has real personal meaning for you . . . because in the course of 13 issues LIFE reaches 3 out of 5 households in the average community.

LIFE's powerful *neighborhood impact* works right in your own territory . . . helps make you welcome when you come to call . . . builds customer confidence in the services your company offers.

Audience source: *A Study of the Household Accumulative Audience of LIFE*

THE POWERFUL LOCAL INFLUENCE OF

**LIFE**

OPENS DOORS FOR YOU

## Longshoreman's Compensation Brings Debate but Congress Takes No Action on It

An attempt was made in the recent session of Congress to change by legislation the law made by the Supreme Court in its decisions in the Ryan Stevedoring and Sieracki cases, which have been termed as seriously weakening the right of longshoremen to maintain third party actions and the right of the longshoremen's employers to have their liability limited under the longshoremen's and harbor workers' act.

Congress failed to pass legislation of any kind on the subject but the matter undoubtedly will be brought up again in the next session.

At congressional subcommittee hearings on bills which would have altered the third party liability section of the longshoremen's act many speakers representing insurers, steamship lines, longshoremen and other interested parties testified. Under discussion were bills introduced by Rep. Zelenko, Rep. Coon, Rep. Roosevelt and Rep. Kilgore.

The main points of these bills were incorporated into a clean bill which was introduced to the subcommittee near the end of the hearings by Howard M. Starling, manager of the Washington, D. C., office of Assn. of Casualty & Surety Companies.

The clean bill included a purpose set out as: "A bill to amend the longshoremen's and harbor workers' compensation act so as to limit the liability of an employer who has paid compensation; to make certain adjustments concerning the rights of a longshoreman against non-employer third parties in actions arising out of compensation cases; and to equalize the rights of injured longshoremen and other industrial workers ashore."

It contained a point which frees longshoremen of the obligation to elect to take either compensation or to pursue action against a third party. It would give the longshoreman 11 months from the date of the injury to start a third party suit. A provision was included which would give the insurer liable for the payment of compensation a lien on the proceeds of any recovery in a third party suit.

Under the clean bill the longshoreman's cause of action would not be assigned until the expiration of the 11 month time limit. Insurers of the compensation would be given a 30-day notice of the assignment of third party rights. If there were a recovery in the third party action, the injured longshoreman would be given two-thirds of any amount received in excess of the amount of compensation paid plus costs during the trial.

There is also a provision which would protect a longshoreman's fellow employees against third party actions, one which insures the longshoreman's

right to sue a ship in negligence, one which equalizes a longshoreman with other industrial workers in the U. S., and one which returns the defense of contributory negligence to the ship.

The ruling in Ryan Stevedoring vs Pan-Atlantic Steamship Corp. places additional liability upon the employer a contract with the steamship com-

pany to load cargo on the vessel. The cargo went to New York where it was unloaded, also by the Ryan Co. The steamship company claimed that the fault was partly or all due to the Ryan Co. in loading the vessel in the south.

The steamship company commenced suit against Palazzolo's employer, Ryan Stevedoring Co., claiming that in South Carolina the Ryan Co. made

Before the Ryan case there were a number of cases in the Supreme Court in which a steamship company, having been assessed a certain amount of damages in a third party case, had proceeded against the stevedoring company claiming the fault was that

(CONTINUED ON PAGE 32)

## You get what you pay for!

When you buy an automobile, you might want a radio with it, power steering, automatic transmission, or even air conditioning. You expect to pay for whatever additional features you desire.

The same applies to insurance. You get the protection you pay for—and the price you pay is based upon loss experiences and must be approved by the Insurance Department of your state.

Because the cost of insurance against loss from any and all perils would be prohibitive, there are exclusions in all policies.

However, you can extend your protection to cover certain other perils, not included in

your policy, by paying the additional cost involved.

Buy your insurance through a capable independent insurance agent or broker who represents sound capital stock insurance companies. He will be able to fit your insurance protection to your needs and your pocketbook.

Call Western Union by number and ask Operator 25 for the name of the America Fore representative nearest you.

Ask your agent about financing your premiums on a monthly, quarterly, semi-annual or annual basis.



\* The Continental Insurance Company  
\* Niagara Fire Insurance Company

\* Fidelity-Phenix Fire Insurance Company  
\* The Fidelity and Casualty Company of New York



Another of America Fore's attention-getting national advertisements. It is one of a public relations series designed to inform the public how to make sure that they are properly insured—and how important are the services of the insurance agent and broker.

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LIFE

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FORTUNE

NEWSWEEK

NATIONAL GEOGRAPHIC  
THE SATURDAY EVENING POST

**MICHIGAN SPECIAL AGENT—Casualty—Heavy Auto.** Newly formed subsidiary of stock agency company offering B. I. & P. D. Insurance on pleasure cars on new plan. Car furnished or car allowance. Experience in state necessary. Two openings. Salary \$6,000 to \$7,000 based on experience.

Also **CASUALTY UNDERWRITER** — Detroit Branch office. Same company. \$6,000.

Call or Write

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CADILLAC EMPLOYMENT AGENCY  
220 South State St. Chicago, Ill.  
WAsh 2-4800

## F.&C. Names Israel Agency Supervisor, Promotes Several

Fidelity & Casualty has promoted Robert T. Israel from manager at Charlotte, N.C., to agency superintendent in the home office and has transferred four others in the south.

William N. Smith, resident manager at Memphis, will succeed Mr. Israel. H. Dougald McLean, agency superin-

tendent at Atlanta, will succeed Mr. Smith. Robert L. Smith has transferred to Atlanta as bond superintendent, and Lynn S. Blake has been advanced from special agent to bond superintendent at Birmingham.

Mr. Israel joined the company as an auto underwriter at Brooklyn in 1937. He was named casualty supervisor at Jacksonville in 1945 and later became special agent and district agent in the Miami territory. He was named resident manager at Charlotte in 1953.

Mr. Smith went to the company in

1935 as a bond underwriter in Atlanta. He became bond superintendent there in 1944 and agency supervisor at Jacksonville in 1949. He was named resident manager at Memphis in 1950.

Mr. MacLean joined the company in the Atlanta bond department in 1935. He became bond superintendent there in 1946 and agency superintendent in 1949.

Mr. Smith went to the company in 1949 and was named bond superintendent at Birmingham in 1951.

Mr. Blake joined the company as a special agent in Birmingham in 1951.

## Agent's Acceptance of Premium Waives Vacancy Clause

A local agent's renewal of a policy and his subsequent acceptance of premiums, although aware that the property was vacant, constitutes a waiver of the vacancy condition of a fire policy, Georgia appeals court ruled in *Fire & Casualty of Connecticut vs Fields*, reported in 8 CCH (Fire & Casualty) 1012.

Jerry Fields and Jerry Blonder, doing business as J.&J. Realty of Atlanta, renewed a \$20,000 fire policy on Nov. 9, 1954, but testified they told their local agent the premises would become vacant. The property became vacant shortly thereafter, and they again informed the local agent of the vacancy in December when they paid premiums on the policy. The agent told them not to worry, that they were covered. The property was totally destroyed by fire in May, 1955. The insurer denied liability, pointing to the vacancy clause of the policy.

In upholding a lower court judgment in favor of insured, the appeals court said that the agent who issued the policy had the authority to extend the coverage for additional years by mailing endorsements to insured and it was not necessary for the agent to have possession of the policy. Certainly, the court continued, if the local agent could do this, he could by endorsement waive the vacancy provision of the policy without having the policy in his possession. The payment of a balance of the premium conclusively shows a reliance upon the representation of the agent. The agent owed a duty to the insured to provide absolutely for the proper coverage or to inform insured there would be no coverage because of the vacancy and give insured an opportunity to cancel the policy and protect themselves from loss.

Hurt, Gaines & Baird and J. Corbett Peek Jr. of Atlanta represented the insurer and Sidney I. Rose of Atlanta the insured.

**United Pacific** has named Wesley C. Thompson bond manager at Portland to succeed H. T. Coleman, who has been transferred to the home office.



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## Diemand Criticizes "Long, Bitter and Concerted Opposition by Competitors" to North America's Changes in Policies and Payment Plans

President John A. Diemand of North America, addressing the annual meeting of Federation of Insurance Counsel at Houston, said the experience of his company causes him to hesitate to paint a rosy immediate future for policyholders expecting better insurance services at better prices and on more convenient terms, although the long range outlook is encouraging.

"The long, bitter and concerted opposition by our competitors, and the difficulties of administrative interpretation which we have since faced," Mr. Diemand said, as North America offered new policy forms and payment plans, has made him wonder whether it is still possible "for insurance companies acting in concert, and through their organizations, to stifle competition and throttle initiative. Can they slow the rate of progress to the pace of the majority?"

With funds to back underwriting at a higher level than ever before and with more capable people employed than ever, the insurers are better equipped to give the public the broader and simpler coverages they have every right to expect, Mr. Diemand said. Multiple line underwriting has been approved in every state, clearing the legal road for companies to give full service in all fields. Looking to the future, he added, it is not hard to imagine that before long the barriers between life and non-life will disappear. They have already been broken as to accidental death. Multiple line will become universal underwriting. Machine processing offers a saving in expenses, and the laws requiring rates to be "reasonable, adequate, not excessive and not unfairly discriminatory" would seem to require that the savings be passed on to policyholders. The widely tried and proven practices of installment financing, prevalent in almost every other field of the business, would lead one to expect there would be no difficulty in making these conveniences available to insurance buyers.

Mr. Diemand said these conditions are not completely new. North America saw them developing more than 10 years ago, and sought to take advantage of every opportunity to provide the broadest and simplest coverages

at the lowest prices and on the most convenient terms consistent with sound underwriting. "We could not see how there might be any valid objection to these principles, nor any good legal ground for contesting our right to follow them. To our mind, then and now, these were principles which should guide every member of the industry."

North America could not expect Reviewing the SEUA decision and

every competitor to acquiesce in every detail as to when and how each new form of coverage, each new scale of rates and each new method of premium financing should be put into effect, Mr. Diemand admitted, nor could it expect the state officials to approve every proposal immediately and automatically. "However, we saw then no reason to anticipate the long, bitter and concerted opposition by our competitors, and the difficulties of administrative interpretation which we have since faced."

Reviewing the SEUA decision and

the enactment of the rating laws, Mr. Diemand said this background would have led to the anticipation that there would be no difficulty in introducing a program of broader and simpler coverages, lower rates based on demonstrated savings and expense, and more convenient installment payment of premiums. "If our competitors did not wish to follow us, there should have been no difficulty in our 'going it alone'."

As an example, Mr. Diemand described "the difficulties we have had (CONTINUED ON NEXT PAGE)

## How an American-Associated Survey Helped an Iowa Agent Sell a \$6,035 Fire Insurance Policy

Here's what happened when an Agent in Northeastern Iowa asked an American-Associated Fire Specialist to prepare a fire insurance survey for an important prospect.



1 First, the Company Representative made a thorough analysis of the 14 policies covering the properties involved. This audit disclosed a number of discrepancies in coverages and rates.

2 An agent-of-record letter was secured and complete rate make-ups obtained. Rates could be lowered, it was found, by making a few inexpensive, hazard-reducing improvements.



3 Next, each building was carefully appraised to determine its actual cash value. Then, a general form was drawn up and an average rate for all buildings was established.

4 The completed survey showed that one American-Associated policy, providing more coverage than the 14 it replaced, would save \$3,557. Result: a \$6,035 sale for the Agent!

The representative from

**Cimarron**

can help YOU sell MORE

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### • MODERN COVERAGES

Automobile

Fire

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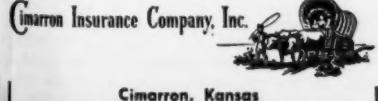
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Inquiries Invited



Cimarron, Kansas

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American-Associated Branch Office. Find out how our countrywide service facilities—and eagerness to serve—can help you make more money!

AMERICAN-ASSOCIATED INSURANCE COMPANIES

AMERICAN AUTOMOBILE INSURANCE COMPANY

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HEAD OFFICE: PIERCE BUILDING • SAINT LOUIS 2, MISSOURI



(CONTINUED FROM PRECEDING PAGE) over the past decade in connection with our homeowner's policies, our rate deviations and our installment premium plan," adding a word or two as to the difficulties in sustaining North America's right to act independently of rating bureaus.

"Unless you took the hours and the days necessary to review the administrative and judicial records of our hearings, trials and tribulations, you would find it hard to believe the extent of concerted opposition we have met from our competitors to our placing

these improvements before the insuring public," he said. "The contests over the installment premium endorsement were long and bitter. They involved administrative hearings demanded by our competitors in more than 20 states, and appeals to the courts in five. Now this endorsement is approved in all but Mississippi, Missouri, New Hampshire and Virginia. Texas has its own note plan, and Virginia is about to set one up. As to deviations, our competitors forced us into long and expensive hearings and litigation in Pennsylvania, Illinois and New York. At present we

are in court in the District of Columbia, and about to get there in North Carolina. However, in no jurisdiction have we yet been finally defeated in this field. As to the homeowner's policies, it has taken us about three years of constant negotiations with supervising officials to secure the approvals which we now have from 42 states.

"With respect to our general right of total or partial independence from rating bureaus, as we might choose, our competitors obliged us to take this question all the way to the Supreme Court of the United States, even though

the New York superintendent, all the courts of that state, and the United States Supreme Court concluded that our right was clear. Even now these same competitors are obliging us to conduct that same struggle on the west coast.

"You, like we, must be asking yourselves how these things are possible in the light of the SEUA case, public law 15 and the state legislation which followed.

"Can it be that it is still possible for insurance companies acting in concert, and through their organizations, to stifle competition and throttle initiative? Can they slow the rate of progress to the pace of the majority?

"Alternatively, have the state supervisory officials misunderstood the word permission given by Congress in public law 15, to 'regulate' the business of insurance? Have they, instead, read into that act a direction to 'control' or 'permit private control of' our industry?"

Mr. Diemand said he thinks regulation of the business means establishment of proper safeguards so that those engaged in it will be of good moral character and adequate ability; promulgation of the broadest possible general rules as to proper forms and rates, and making certain that, within this framework, there is the fullest possible opportunity to compete by those who wish to do so in the public interest.

On the other hand, 'control' as he used the word implies 'cluttering up this broad framework of safeguards with a network of needlessly technical and inflexible rules as to the precise wording of forms, specific figures for rates, and the exact details of conducting the business. All the benefits of free enterprise, upon which the strength of our country is based, disappear when 'control' in this sense takes the place of 'regulation,' when dead statistics are used to smother live judgment, and when initiative for the future is bound by chapter and verse of past precedent."

Mr. Diemand warned that interest in the questions he raised extends far beyond those within the business. Congressional interest in insurance did not die when public law 15 was enacted, he declared. The 84th Congress considered bills dealing with flood, crop and war risk insurance, nuclear energy, workmen's compensation and other insurance problems. "Whether or not that interest will remain favorable to state regulation, as conditionally permitted a dozen years ago, depends upon the answers to the questions I have put. Unless and until satisfactory answers are found by Congress, no one can be sure as to what lies ahead in the regulation of insurance."

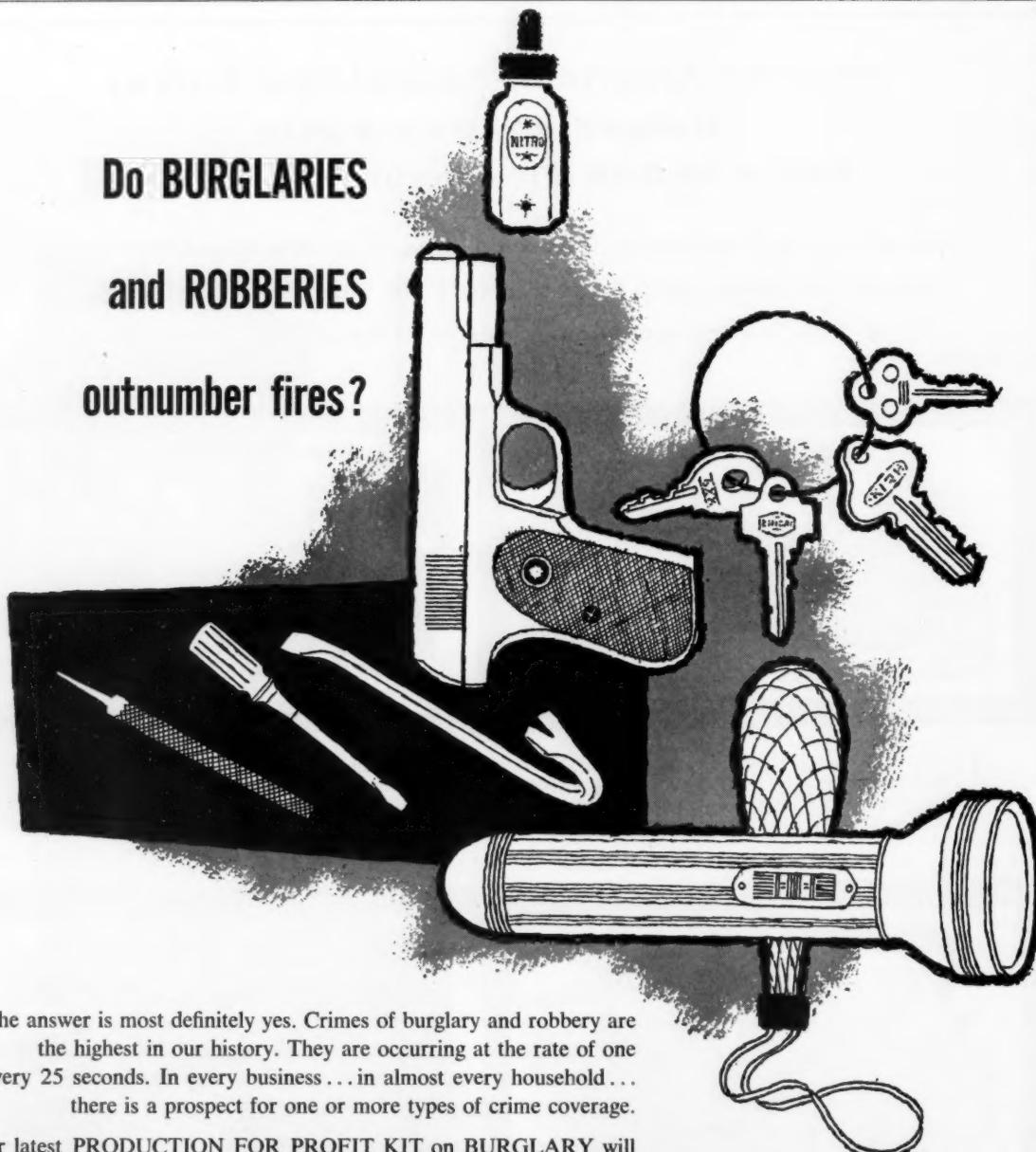
### Scudder Joins Superior as Indiana Manager

John A. Scudder has joined Superior of Dallas as Indiana manager with headquarters at 1240 North Delaware street, Indianapolis. Mr. Scudder for eight years has been manager at Indianapolis for Michigan Surety and before that for 17 years was a local agent at Fort Wayne. He started in the business at Indianapolis with U.S.F.&G.

### Home Premiums Up but Not \$47 Million

The amount of increase of net premium income of Home and Home Indemnity during the first six months was erroneously reported as \$47,553,169 in the issue of Aug. 16. The increase should have been \$7,553,169.

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## Few Court Cases as Guides in Reinsurance; Reliance Is on Good Faith of Two Parties

The reinsurers' motto of utmost good faith is not a mere slogan, but a well-earned tenet that is the basis on which the treaties are written, interpreted and fulfilled, David L. Tressler, vice-president of American Mutual Re, declared in a talk at the annual meeting of insurance section of American Bar Assn. in Dallas.

Two common phrases in the contract are "that it shall be an honorable undertaking" and "it shall not be defeated by a narrow technical construction of its provisions." These sound almost too idealistic for the hard give-and-take of modern business, Mr. Tressler commented. But the decided relative scarcity of reinsurance litigation at least indirectly substantiates that any differences between the contracting parties have been for the most part solved by broad liberal construction of the contract in the utmost good faith.

"True, there have been suits where differences have arisen over intent, mutual mistake of fact, scope and construction. Likewise there are cases involving custom and usage, the applicable law of the state where the contract was intended to be construed, the law of the forum wherein the primitive policy was to apply and the losses may have occurred," Mr. Tressler said. In fact every conceivable problem that could arise on the subject of the law of contracts can be anticipated in the matter of reinsurance, but despite this there are relatively few cases that have arisen.

Where primary insurance is concerned, Mr. Tressler pointed out, ambiguities are construed more strongly against the insurer. But this is not the case in differences between reinsured and reinsurer. Since the contract is drawn by experts on each side, both parties stand on equal footing, he said.

Mr. Tressler commented on another broad phrase in the typical contract of excess of loss treaty—the reinsurer shall follow the fortunes of the reinsured. Though it sounds more moral than legal, it is intended to govern the parties so that if reinsured is subject to a loss on policies falling within the scope of the contract, the reinsurer would, to the extent of its interest, be liable even though the latter neither knew of the original loss due to oversight by reinsured in reporting the matter or the reinsurer by terms of its contract had no privilege of controverting the original claim.

Still another clause in the typical contract specifies that late reporting of losses shall not preclude the claim if reported as soon as the oversight is found by reinsured.

"In considering this clause, the companion clauses 'utmost good faith' and 'honorable undertaking' must also be recognized," Mr. Tressler remarked, "for with the right or privilege to the reinsurer goes a duty on its part to report as promptly as possible potential losses that may involve reinsurance."

Similarly, specific exclusions of certain types of risks or operations, defined in contracts, shall not necessarily control and defeat losses to the reinsurer if the risk or operation is incidental to a non-excluded line or coverage, he pointed out. Likewise, most contracts provide that such exclusions shall not prevail, providing the primi-

tive coverage, inadvertently written, is cancelled as soon as it is discovered by reinsured's officials. Again good faith and honor play an important role there.

Most contracts provide, Mr. Tressler continued, that reinsured shall investigate and defend all claims arising on its policies that may involve reinsurance. The reinsurer may select an

associate defense counsel to protect its interests.

The principle of good faith is not a one-way arrangement, he said. It applies to both parties of the contract. Reinsured must accurately and promptly report and pay premium to the reinsurer, confine its operations in writings to those lines covered by the contract, construe its coverages and their applicability to claims presented, investigate, evaluate, defend or settle all claims arising on its business and accurately report and advise the

reinsurer of the potentialities of these claims.

The reinsurer must retain in confidence the information of reinsured's writings including the names of policyholders, policy limits and expiration dates. It must realize that in the long run the reinsured is paying the loss so that full weight must be given to reinsured's desire to settle or defend any claim, whether within or in excess of retention. In cases where two of the reinsurer's primary companies come into direct conflict, the reinsurer

(CONTINUED ON PAGE 28)

# "GENERAL

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says S. L. Caldwell, president,  
Caldwell-Miller & Co., Inc., of Los Angeles

"Just lay the facts on the line about General's strength, claims service record, and money-saving features, and your fire insurance prospect becomes a policyholder almost every time," says Mr. Caldwell. "What's more, he stays sold through the years—because everything you promise is backed up by performance."

GENERAL offers a plan to aggressive independent agents that helps them build business rapidly and permanently. It will pay you to get the facts.

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General Insurance Bldg., Room 301, Seattle 5, Wash.

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NATION'S BUSINESS—October; TOWN JOURNAL—October;  
AMERICAN HOME—October; BETTER HOMES & GARDENS—October.

## Convention Dates

Sept. 9-11, Washington Assn. of Insurance Agents, annual, Davenport hotel, Spokane.  
Sept. 9-12, Idaho Assn. of Insurance Agents, annual, Sun Valley.  
Sept. 10-11, Vermont Assn. of Insurance Agents, annual, Middlebury Inn, Middlebury.  
Sept. 10-11, New Jersey Assn. of Insurance Agents, annual, Traymore hotel, Atlantic City.  
Sept. 10-11, New Hampshire Assn. of Insurance Agents, annual, Crawford Notch.  
Sept. 10-12, New Hampshire Assn. of Insurance Agents, annual, Crawford House Club, Crawford Notch.  
Sept. 12-14, Maine Assn. of Insurance Agents, annual, Samoset hotel, Rockland.  
Sept. 12-14, Society of CPCU, annual, Cincinnati.  
Sept. 12-14, Michigan Assn. of Insurance Agents, annual, Pantlind hotel, Grand Rapids.  
Sept. 16-18, Mutual Insurance Agents Assn. of Indiana, annual, Hotel Vendome, Evansville.  
Sept. 16-18, Insurance Federation of North Dakota, annual, Bismarck.  
Sept. 17-18, Minnesota Assn. of Mutual Agents, annual, Leamington hotel, Minneapolis.  
Sept. 17-18, International Claim Assn., annual, Hotel Chamberlain, Old Point Comfort, Ft. Monroe, Va.  
Sept. 17-20, National Assn. of Insurance Agents, annual, Waldorf-Astoria, New York.  
Sept. 18-21, Mutual Loss Managers' Conference, Hotel Statler, New York.  
Sept. 24-25, Utah Assn. of Insurance Agents, annual, Salt Lake City.  
Oct. 1-3, Wisconsin Assn. of Insurance Agents annual, Schroeder hotel, Milwaukee.  
Oct. 7-9, Pennsylvania Assn. of Insurance Agents, annual, Bedford Springs hotel, Bedford Springs.  
Oct. 7-10, National Assn. of Casualty & Surety Agents, annual, White Sulphur Springs, W. Va.  
Oct. 7-10, National Assn. of Casualty & Surety Executives, annual, The Greenbrier, White Sulphur Springs, W. Va.  
Oct. 8-9, Conference of Actuaries in Public practice, annual, Morrison hotel, Chicago.  
Oct. 11-12, Nebraska Assn. of Insurance Agents, annual, Hotel Cornhusker, Lincoln.  
Oct. 11-13, New Mexico Assn. of Insurance Agents, annual, La Fonda hotel, Santa Fe.  
Oct. 14-15, Insurance Federation of North Dakota, Eagles Club, Bismarck.  
Oct. 14-16, Missouri Assn. of Insurance Agents, annual, Hotel Statler, St. Louis.  
Oct. 14-17, Federation of Mutual Fire Insurance Companies, annual, Sheraton-Gibson hotel, Cincinnati.  
Oct. 14-17, National Assn. of Mutual Fire Insurance Companies, annual, Sheraton-Gibson hotel, Cincinnati.  
Oct. 15, Rhode Island Assn. of Insurance Agents, annual, Sheraton Biltmore hotel, Providence.  
Oct. 15-17, California Assn. of Insurance Agents, annual, Sheraton-Palace hotel, San Francisco.  
Oct. 15-17, Ohio Assn. of Insurance Agents, annual, Cleveland.  
Oct. 16, North Dakota Assn. of Insurance Agents, annual, Eagles Club, Bismarck.  
Oct. 16-17, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza hotel, Boston.  
Oct. 17-19, Insurance Accountants Assn., annual, Hartford.  
Oct. 19-20, South Carolina Assn. of Insurance Agents, annual, Ocean Forest hotel, Myrtle Beach.  
Oct. 21-23, Insurors of Tennessee, annual, Noel hotel, Nashville.  
Oct. 21-23, Maryland Assn. of Insurance Agents, annual, Lord Baltimore hotel, Baltimore.  
Oct. 22-23, Arizona Assn. of Insurance Agents, annual.  
Oct. 22-24, National Assn. of Mutual Insurance Agents, annual, Shoreham hotel, Washington, D. C.  
Oct. 22-24, Western Underwriters Assn., annual.  
Oct. 23-24, Louisiana Assn. of Insurance Agents, midyear, Hotel Bentley, Alexandria.  
Oct. 25, American Institute of Marine Underwriters, annual, New York.  
Oct. 28-30, Kansas Assn. of Insurance Agents, annual, Broadview hotel, Wichita.



It was 132 years before the  
SECOND white man saw  
**TENNESSEE**

Hernando de Soto was first, reaching the Mississippi River in 1541, at or near the present site of Memphis.

But the second white man to visit Tennessee came 132 years later—that famous French missionary-explorer, Father Marquette, who voyaged down the River by canoe in 1673.

Today, with population in the millions, agriculture and commerce, highlighted on Tennessee's Great Seal, epitomize the productivity that throbs throughout its prosperous 42,000 square miles.

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# Fire and Casualty Insurance

## COMMENTS - TRENDS - OBSERVATIONS

### Travelers, Hartford Fire, Explain How They're Handling Atomic Risks

Insuring atomic risks has brought about many changes for the insurance business, both semantically and actuarially. Two of the major members of Nuclear Reactor Property Insurance Assn. and Nuclear Reactor Liability Insurance Assn., comprised of 150 stock fire insurance companies, explained their part in insurance's entry into the atomic era in current editions of their company publications.

In an article in the *Hartford Agent* of Hartford Fire, Roland H. Lange, vice-president of the company and member of the governing committee of the Nuclear Reactor Property insurance Association, explains his company's entry into the field. Travelers, in its *Protection*, explains similar facts about that company's work in the field.

Mr. Lange, who is also a member of the atomic energy committee of Factory Insurance Assn., is only one of other Hartford Fire executives and staff members who are engaged in committee work and technical, engineering and research phases of this new development in the business.

In the casualty field, Manning W. Heard, vice-president of Hartford Accident, is a member of Assn. of Casualty & Surety Companies' committee on atomic energy and of the governing committee of the liability insurance association. He is also a member of the Atomic Energy Commission's 10-man insurance study group representing all phases of liability and property damage insurance.

Travelers, too, has many men working on the problem of insuring atomic risks. Charles J. Haugh, vice-president, is head of the nuclear energy liability section and a member of the AEC's study group. He recently gave insurance's view at a nuclear energy forum held by American Power Conference.

The Hartford article points out that the business is facing the problem in an optimistic frame of mind.

During May two stock company associations—one for property and one for liability—were formally constituted—as was one for mutual companies—to write insurance on nuclear reactor plants.

It is anticipated that the facilities available through the property association—\$40 million per installation plus \$20 million outside reinsurance—will adequately cover the values at risk. At present there are 35 nuclear reactor plants in the U. S. under construction or on the drawing boards.

The liability insurance association is providing a net capacity of \$30 million plus \$15 million reinsurance.

Just what a nuclear reactor is and what it does is somewhat difficult to define in non-technical language,

Mr. Lange writes. Stated briefly and non-scientifically, an *inert reactor* (without the presence of radio active fuel) bears many of the characteristics of the familiar electric generating or power plant. It is, however, constructed with extraordinary fire-resistant qualities. In nuclear reactor plants, nuclei of the fuel, such as uranium, undergo fission which in turn produces new neutrons and hence a chain reaction. This process releases large amounts of energy which are removed as heat and can be employed as a source of generating electricity and power.

While this generalization states the principle and purposes of a reactor, there are many possible designs and types of reactors—such as the pressurized water reactor, boiling water reactor, aqueous homogeneous reactor, sodium-graphite reactor, fast breeder reactor, liquid metal fuel reactor, organic liquid-cooled and moderated reactor and the gas-cooled reactor. Each has its own potential hazards, all of them difficult to evaluate from the viewpoint of the underwriter because of the absence of accident experience. While it is assured that serious nuclear accidents seem quite improbable, since a combination of unfavorable incidents are required to bring about any trouble, it must be acknowledged that despite all safeguards and protection no operation can be made completely fool-proof—if from nothing else, then simply from the effects of human failure. A recent instance at the AEC's Arco, Ida., experimental power reactor plant points up the fact. During one high-power experiment the reactor's heat shot up suddenly. The scientist in charge promptly issued instructions to shut down the reactor—quickly. Instead, a button was pushed which shut it down slowly. As a result, some of the atomic fuel elements were melted. While the incident brought out the human-error possibilities, it was at the same time somewhat reassuring that the melt-down was held to its containment.

In the light of all these unknown quantities and uncertain exposures, Mr. Lange goes on, it may be asked, "How did companies individually determine the amount of money they could risk?" In most instances, the decision was simply based upon the percentage of the company's policyholders surplus which it was felt could be safely exposed with due regard to other aspects of the company's financial condition. It is to the companies' credit that such a sizeable accumulated capacity has been made available.

At the moment, Mr. Lange wrote, committees in the two new associations are diligently pursuing the prob-

lems of rate and form under which the nuclear energy associations will provide indemnity. Other industry organizations are likewise preparing themselves to render the necessary services so that investors in these reactors may be properly protected.

A corollary problem presents itself in the more widespread hazards existing in industrial plants, hospitals, universities, etc., which employ or may employ radioactive isotopes or nuclear material in their operations. In addition, there is the question of insurable perils of dwellings and other properties not containing such hazards but subject to their results from contamination, radiation, implosion, fall-out, etc. These aspects, too, are being given most careful consideration at this time to determine what protection, if any, is to be provided.

In the process of insuring atomic risks even such time-tested terms as fire and explosion take on new significance and must be re-examined carefully. Is the process of fission a hostile fire? Is a broken capsule containing radioactive elements the result of an explosion? Mr. Lange wrote that it is believed the answers to these questions are generally negative, but should such claims be made, either as the result of direct or proximate

(CONTINUED ON PAGE 31)



John A. Diemand, left, president of North America, and James Dempsey, chairman of the board of governors of Federation of Insurance Counsel, hold the George Henry Tyne award presented to Mr. Diemand by the federation in recognition of his contributions to insurance. The presentation was at the annual meeting in Houston. The federation cited Mr. Diemand's work in introducing package policies and other innovations in insurance techniques through multiple-line underwriting, and his recognition of the importance of insurance in the national and international economy. After receiving the award Mr. Diemand addressed the federation on what lies ahead for insurance.

### Gives Agents Tips on How to Make up for Rate Reductions

A. W. Roberts, manager of Phoenix of Hartford at Orlando, Fla., discussed several methods to offset reduced income from recent rate reductions in fire and extended coverage in an article published in *The Insur-Agent*, publication of Florida Assn. of Insurance Agents. Rate reductions have been commonplace in most of the states within the past four or five years and many insurers and agents have been concerned with the resulting decrease in premium income.

In 1954 when fire and windstorm rates were materially reduced, there was the opportunity to offset some of the return premiums by extending policies covering residential properties through the use of the special and broad forms, Mr. Roberts recalled. An excellent job was done as evidenced by the fact that total EC premiums for the state in 1955 showed a substantial gain over 1954. Though new building accounted for some of the increase, the substitution of the special and broad form made up a great part of the reduced premium income, along with better protection to customers.

The dwelling EC endorsement, Mr. Roberts said, is almost a thing of the past today, but it is still being used by a few agents. He suggested raising the insurance on real and personal property to a figure that will be in line with present day costs. Even though the sale of package policies is increasing, he pointed out, there is still a mass market for the simple type of policies for owners of modest homes who can never afford the package forms.

Another means to recover loss of premium income, Mr. Roberts continued, is to sell harder the package forms, homeowners' and comprehensive. There is still a big job to do, he said.

Package form sales are increasing every day, he said. In 1954, he pointed out, sales of homeowners' forms were about \$15 million. This figure was tripled in 1955. One large company's 1954 annual report showed it wrote \$600,000 in homeowners' forms during the year. The next year it wrote \$6 million.

The premium volume of comprehensive dwelling policies is also increasing in all states where approved, he observed. The increased policy premium makes it possible for agents to spend more time on insured's needs.

The tenant package form provides another possibility for increased premium income, Mr. Roberts pointed out. It is the same broad coverage type package policy formerly limited to owner occupants of dwellings and

(CONTINUED ON NEXT PAGE)

(CONTINUED FROM PRECEDING PAGE) should have a wide appeal and be easy to sell.

Moving to the business property and merchant field of insurance sales, Mr. Roberts singled out the sale of time element contracts as another premium producer. He pointed to the relatively new gross earnings business interruption form, and said a recent survey revealed that few agents in Florida were acquainted with the fact that the bureau mercantile form contained that earnings insurance. The mechanics for providing the coverage are sim-

ple, he said. When the amount has been determined, it is shown in the same policy covering stock and the premium is included in the total of other coverages provided. This protection, Mr. Roberts said, should have appeal to insured who have been previously hesitant about buying business interruption because of the apparent complexity of the forms and coinsurance requirements. This form has no coinsurance clause and provides that not more than 25% of the amount may be applied to any one month of shutdown. The business man can purchase

insurance based on what he considers his minimum needs without having to divulge information about volume, earnings and other business secrets. It is an excellent entering wedge and a simple way of offsetting loss of premium income, Mr. Roberts declared.

Owners of business property should have rent or rental value insurance, however, very little of this type of cover is sold, Mr. Roberts continued. A survey recently showed that rents cover represented only 13% of all time element business. Based on the small percentage of time element premiums

written, there must be thousands of individuals, partnerships and corporations that are prospects for rent or rental value insurance, Mr. Roberts said.

Other new broad form contracts are written by multiple line companies but are not being sold, Mr. Roberts said. Many small merchants have inadequate or no public liability and crime protection coverages. He urged agents to fill the voids by pushing the storekeeper's burglary and storekeeper's liability forms and increasing the limits on the former which can now be written in \$1,000 units. He also suggested that when delivering return premium endorsements on fire contracts, an agent should have the new storekeepers' forms on hand and the new bill showing all adjustments as one transaction.

## \$1.3 Million Paid in Oil Barge-Rig Loss

A check for \$1,339,792 has been paid by Marine Office of America to Avondale Marine Ways of New Orleans for the loss of an offshore oil barge-rig. The barge-rig capsized at its mooring in the Mississippi river near New Orleans in 90 feet of water.

The barge-rig was constructed by Avondale for both Southeastern Drilling Corp. of Dallas and California Co. of New Orleans. The drilling unit, a self-contained, diesel-powered unit, was destined to be taken to a 25 foot depth or more on location in the Gulf of Mexico. Instead of being the conventional type of four-legged derrick, the barge-rig was equipped with a jack-knife derrick.

The check was presented to J. H. Bull, president of Avondale, by Thomas Q. Winkler, president of the Winkler & Co. agency of New Orleans, which placed the insurance.

## Pacific Employers Has 14% Premium Increase

LOS ANGELES.—Pacific Employers group had a gain of 14.4% in net premiums written during the first six months of 1956, President Victor Montgomery reported. Net premiums written totaled \$13,989,324 an increase of \$1,726,413 for the four companies—Pacific Employers, Allied Compensation, California Union and Meritplan. Earned premiums stood at \$13,815,280.

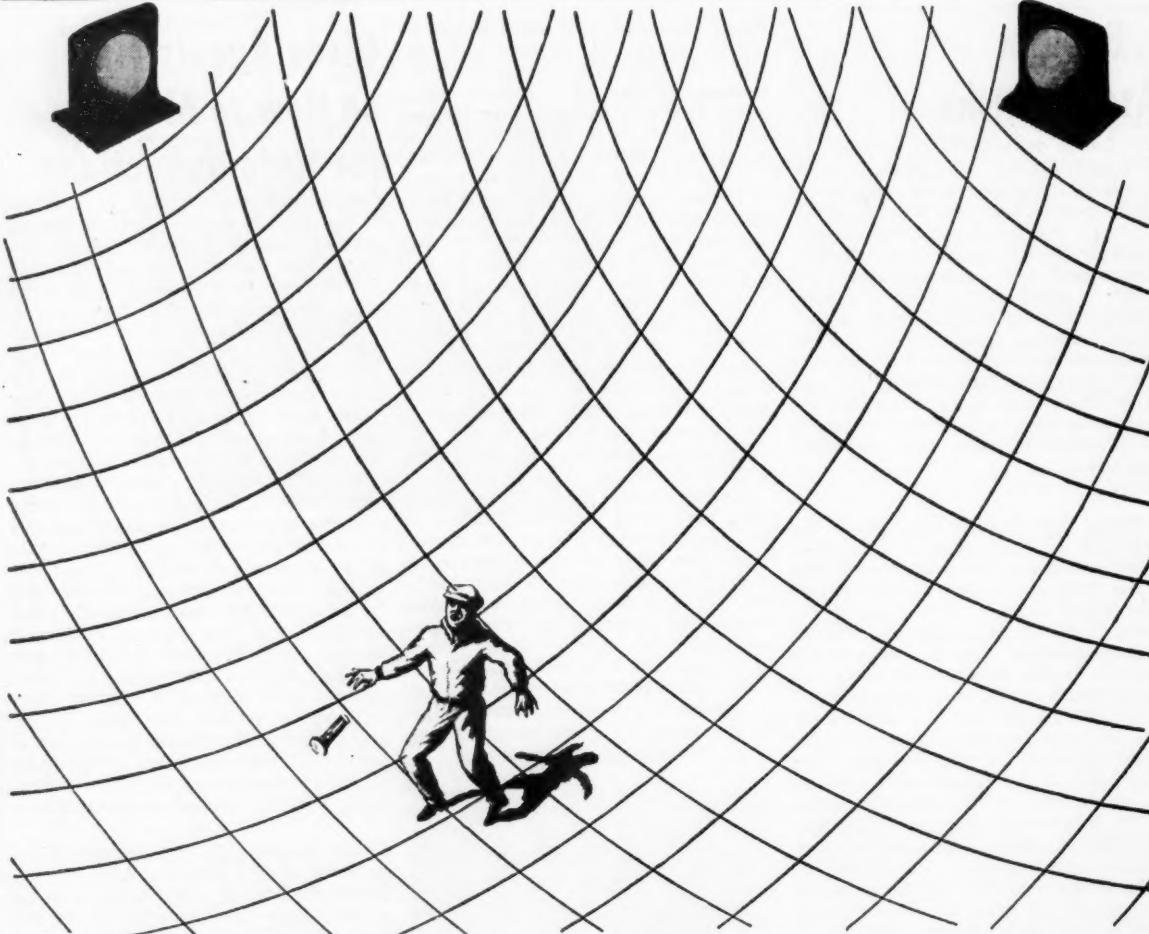
Gross underwriting and investment earnings before federal taxes amounted to \$820,183 and net earnings after federal income taxes and less minority interests in subsidiaries totaled \$332,019 or 81 cents per share on the 40,000 shares of Pacific Employers stock outstanding.

The usual quarterly dividend of 22½ cents per share has been declared payable to stockholders of record Aug. 23.

## Alliance Making Plans for 1957 Forum at Portland, Ore.

Plans are under way for the American Mutual Alliance insurance forum scheduled for May 8-10, 1957, at the Multnomah hotel, Portland, Ore. The sessions will be devoted to lectures and discussions on current insurance topics and are open to representatives and employees of mutual insurance companies and all others interested in mutual insurance.

Surety Underwriters Assn. of Chicago will host the Milwaukee association at the annual Chicago-Milwaukee golf outing Sept. 25 at Elmhurst country club, Elmhurst, Ill.



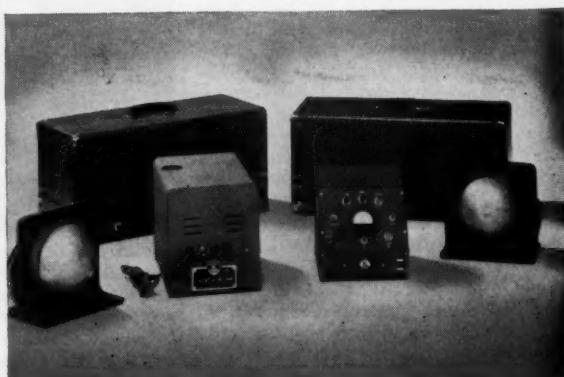
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Here is *foolproof* burglar protection—a Kidde-built system that floods a protected area with sound waves too high to be detected by the human ear. If a thief tries to break through doors, windows, floor or ceiling, he disturbs the ultrasonic wave pattern, triggering the system instantly! Even a "lock-in" doesn't stand a chance. After the system is turned on, his *first move* instantly sounds the alarm.

Simple, compact and tamperproof, the Kidde system is the *best* protection available today. Unlike ordinary perimeter protection, it guards *every single inch* of the protected area, giving complete wall-to-wall, floor-to-ceiling coverage.

The Kidde Ultrasonic Burglar Alarm System cannot be bypassed in *any* way, cannot be put out of commission without giving an alarm. It is portable, plugs into any standard electrical convenience outlet, is easy to install, simple to operate. Properly installed, the Kidde system qualifies for an Underwriters' Laboratories Number Two Certification.

Get more information about this exciting new kind of burglar protection. Write today for Kidde's Ultrasonic Burglar Alarm Booklet or contact your U.L.-approved Central Station or local alarm company.



These basic units of the Kidde Ultrasonic Burglar Alarm System will completely protect up to 4,000 square feet of space, depending on the installation.

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## Reach Temporary Agreement on Cal. Securities Firm

Securities & Exchange Commission has withdrawn its petition, filed in federal district court at San Francisco, to enjoin four directors of Insurance Securities Inc. of Oakland from selling their stock interests in the management and distribution firm which manages a mutual fund with some \$225 million invested exclusively in insurance company stocks.

Withdrawal of the petition resulted from an agreement between SEC and the securities firm and the four directors. It had the court's approval.

The agreement between SEC and Insurance Securities provides that until final disposition of the suit the dividends on Insurance Securities stock held by the defendants are to be separated and withheld; that further sales of such stock are prohibited; that the defendants may not serve as trustees or directors of the mutual trust fund of which Insurance Securities is sponsor, investment adviser and principal underwriter; and that a ceiling is placed on the defendant's salaries or other compensation. The agreement is without prejudice to final decision with respect to the matters in issue.

The effect, according to an SEC release, is to permit a meeting of investors of the trust fund which had been adjourned to Sept. 14 and the voting of proxies regarding the reinstatement of the investment advisory and underwriting contracts subject to the terms of the agreement and the order of the court. The SEC emphasized that it has not alleged that the defendants have misappropriated or mismanaged any portfolio assets of the trust fund.

Court action on Insurance Securities for dismissal of the action was deferred to Nov. 2.

## Ga. Mutual Agents Elect George Anderson

At its annual meeting at Saint Simons Island, Georgia Assn. of Mutual Insurance Agents elected George Anderson of Columbus president, Robert Dismukes of Columbus vice-president, and William King of Columbus secretary-treasurer.

New directors are B. C. Alford of Atlanta, W. B. Fortson and E. S. Reavis of Columbus, Joel Heard of Brunswick, William McCrary of Douglas; A. L. McDonald, W. R. Mitchell and Bryan Willingham of Atlanta, Hugh Kroell of Waycross and Henry Woeltjen of Savannah.

E. A. Ulrich of Utica Mutual discussed the future outlook for mutual insurance, Dr. Kenneth Black Jr. of the Georgia College of Business Administration on professional education for better service, Joe Kinard of John Rateree & Co. automobile changes, and E. J. Raabe of Central Mutual block policies. Mr. Anderson conducted an agents' talk shop.

## Supplement to Broker Directory of "Advocate"

Insurance Advocate has published the first supplement to its 1956 directory of brokers in New York state, together with a special interim list of brokers who qualified at examinations given June 21.

## Farmers Mutual Makes Changes

Farmers Mutual Auto of Madison has made several field and home office changes.

Dale Eikenberry has been promoted from manager of the Kansas City re-

gional office to manager of the company's regional office at St. Joseph, Mo. He joined Farmers Mutual in 1940 as a claims adjuster and was made manager at Kansas City in 1953.

Harold Carter, formerly claims adjuster in Missouri and more recently claims supervisor at Kansas City, has been named to succeed Mr. Eikenberry.

Hugh Wallace has been promoted to assistant comptroller. He has been with Farmers Mutual for the past three years as budget director and prior to that was with the Wisconsin department for five years.

## Federal Premiums Rise in First Half, Underwriting Off

Federal and Vigilant has written premiums in the first six months of \$27,560,000, up \$981,061 over the 1955 first half. The two Chubb & Son companies had an underwriting loss of \$43,885, compared with an underwriting gain of \$1,275,375 for the like period of 1955. Investment income rose from \$1,376,571 to \$1,599,653. Net in-

come totalled \$1,555,768, compared with \$2,651,846.

The loss ratio was 60.6 to earned this year, compared to 49.4 a year ago. However, the expense ratio to written remained at 36.2. Premium reserves increased \$2,340,235 to a total of \$39,249,776. Policyholder surplus also rose, from \$83,264,771 to \$89,451,125. In the six months assets increased from \$155,800,000 to \$163,854,467.

Farmers Mutual Automobile of Madison is equipping its fleet of 72 cars with two front seat safety belts.



"You can take advantage of the name PROTECTION AGENT, same as I did."

"People used to think of me as an insurance agent. Now they think of me as their Protection Agent."

"Everybody wants protection! So I'm getting in to see prospects I never could reach before."

"Let a National of Hartford Field Man tell you how you can utilize his Company's national advertising of the Protection Agent."



## NATIONAL of HARTFORD GROUP of Insurance Companies

Executive and Administrative Offices: Hartford 15, Connecticut

NATIONAL FIRE INSURANCE COMPANY OF HARTFORD

TRANSCONTINENTAL INSURANCE COMPANY

FIRE • MARINE • AUTOMOBILE • CASUALTY • BONDING

## FTC Will Lose Texas Insurer Case: Pansing

DALLAS—Accident and sickness insurance received detailed treatment in its legal aspects at meetings of the Insurance Section of American Bar Assn. in Dallas last week, with particular attention devoted to the pending appeal in the American Hospital & Life case from the decision of the Federal

Trade Commission on advertising regulations.

Major developments in this case, which puts the A&S industry "squarely in the middle of a dispute between state and federal authorities," were catalogued by Director Thomas Pansing of Nebraska, who represented National Assn. of Insurance Commissioners in conferences with the FTC. After noting that "virtually all of the national insurance industry is deeply disturbed by the American Hospital decision," Mr. Pansing said he believes

the majority FTC opinion "to be clearly wrong and I think it will ultimately be overturned."

The other A&S topic was a report by Mark Martin, Dallas attorney, on the present status of the uniform individual A&S policy provisions law since its adoption by NAIC in 1950. In brief, he said, 45 jurisdictions have enacted the law, many with variations that may be "improvements," six others have permitted the use of the provisions, and only one state, Minnesota, is a "holdout."

In his comments on the FTC decision Mr. Pansing said in part: "It would appear to negate entirely the effect of the McCarran-Ferguson act . . . and return the insurance regulatory problem to the confusion of the dark days after the SEUA case and before the act. The implications are tremendous in importance. . . .

"It follows that if the FTC act is fully operable even though the activities it covers are regulated by state law, then so are the anti-trust and anti-monopoly acts operable even though state rating laws effectively accomplish the desired ends. This would make possible and likely at any time the prosecution of most of the large fire and casualty rating and rate-fixing groups in the country, with the imposition of huge penalties."

Mr. Pansing told the insurance section that accident and sickness advertising "is at a higher level today than that of any other industry in the United States and that level must be sustained, but not at the price of loss of public confidence in an industry of such high integrity."

In a parting shot he added: "Repeated public harassment of fine insurance institutions for long-past minor infractions of unknown advertising standards by the FTC (as in the cigarette cases) is, in my opinion, contrary to the public interest."

### N. H. Fire Switches Newman to Minn.

New Hampshire Fire has promoted Special Agent Harry S. Newman of Milwaukee to state agent. He succeeds Roy W. Carlstrom of Minneapolis who has resigned to enter the local agency business in St. Cloud, Minn. Mr. Newman's new office will be at 715 National Bank building, Minneapolis.

Mr. Newman joined New Hampshire Fire in 1946 and after military service he returned to the home office in 1952 and worked in various departments until he went to Michigan in 1953.

### Cincinnati Ins. Co. to Build New Home Office

CINCINNATI—Construction of a new home office building is underway



for Cincinnati Ins. Co. at 2934 Central Parkway. The building is expected to be completed before the end of the year.

Direct premiums for the first six months are more than 76% ahead of 1955. The increased business and plans for entering the general casualty field early in 1957 necessitated approximately 10 times more space than the company has in its present location.

### Odor Control Is A Profit Builder!



### RIGHT AFTER THE FIRE...business as usual!

**Overnight** this supermarket recovered from a calamity that might have closed its doors for weeks. Smoke from a major fire next door contaminated 20,000 feet of sales and storage area. The store reeked with smoke odor, normally considered extremely difficult to remove. However, management of the chain, on advice of the insurance adjustor, called in Airkem Smoke Odor Service. That same night the store was restored to normal by the Airkem specialists who vaporized special odor control formulations and completely neutralized all traces of smoke odor.

**Here is** what happened, in the words of one of the food chain executives. "Our objective was to get the store opened as quickly as possible so as not to inconvenience our customers. This would have been a difficult task, if not impossible, without Airkem. Your prompt service, performed overnight, permitted us to open on our next business day. Our customers shopped without any reminder of the fire which had occurred not many hours before."

**Smoke odor counteraction** is only one of the services

performed by the international Airkem, Inc. organization. Airkem experts improve working conditions in offices and stores by keeping the air fresh-smelling. They make restaurants and hotels more popular by ending stuffiness caused by stale odors of food, cigarettes and other sources. Working with air conditioning equipment or independent of it, Airkem equipment and formulae kill odors and give the area a pleasant, outdoor atmosphere effect. Even aggravating odors are treated in this manner. Airkem detergents and bactericides, which relieve surface odor conditions, are extensively used for complete cleaning.

Write for full information or for survey by an Airkem Field Engineer. There is no obligation.

**AIRKEM, Inc., 241 East 44th Street, New York 17, N. Y.**

Send me information on:

- Smoke Odor Control
- Indoor Cleaning Agents
- Air Conditioning Service
- Airkem Cleaning Agents
- Please have Airkem Field Engineer call.

Name \_\_\_\_\_ Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_



Odor Control is a Profit Builder  
for retail stores, athletic clubs,  
veterinarians, transit lines and  
many other businesses and  
industries.

### OPPORTUNITY!!!

#### Casualty Manager

Rapidly expanding Ohio multiple line company to enter casualty field, manager necessary to handle all operations—liberal salary and incentive plan, marvelous future for the right man.

WRITE:

THE CINCINNATI INSURANCE CO.  
2926 CENTRAL PARKWAY  
CINCINNATI 25, OHIO

## New Alaska Code to Go to Legislation

The proposed new Alaska insurance code, prepared by Commissioner Duncan, has been distributed to representatives of all branches of the industry. Mr. Duncan said the new code, after necessary revisions are made, will be presented to the 1957 session of the territorial legislature. In its present form, the code consumes 221 double space typewritten legal size pages.

One of the most controversial questions dealt with is the countersignature law enacted by the last legislature. The new version retains the 5% countersignature requirement on policies issued by non-resident agents or brokers, but fixes a maximum countersignature fee per policy of \$50 and a minimum of \$1. It is further provided that where the licensed non-resident agent or broker or the insurer desires the resident agent to render additional service during the term of the policy that additional compensation shall be a matter of contract between the parties.

The rate regulation section says that rates "shall not be excessive, inadequate or unfairly discriminatory." Exempted from the rate section are reinsurance, ocean marine, aircraft PHD and BI and PDL. There is a prior disapproval provision. There is a waiting period of 15 days before a filing becomes effective. The commissioner may require an additional 15 days waiting period by giving written notice, or he may waive the waiting period.

The article on surplus lines follows the Washington law with minor variations. Exempted from the surplus line law are reinsurance, ocean marine and foreign trade insurances and insurance on subjects located, resident, or to be performed wholly outside the territory, or on vehicles or aircraft owned and principally garaged outside the territory. Residency is not a requirement for a surplus line license.

There is a provision with respect to solvent insurers. Brokers are required to limit their placings to companies which have capital and surplus sufficient to qualify the insurer as a domestic company. A company writing one type of casualty, fidelity or surety business, as defined in the code, must have minimum capital of \$100,000 and \$50,000 surplus. If a company desires

to qualify for two or more types of casualty-fidelity-surety the requirement is \$300,000 capital and \$150,000 surplus. The same capital and surplus requirements apply to fire and marine companies. Companies desiring to qualify for multiple lines must have capital of \$400,000 and surplus of \$200,000.

Among the various fees for licenses are: Resident agent, \$25; solicitor, \$10; resident broker, \$100; non-resident broker, \$250; non-resident surplus line broker, \$300; resident surplus line broker, \$100; resident adjuster, \$25; non-resident adjuster, \$50.

## Oram Named by IBM in Insurance Unit

Robert C. Oram has been named special representative in the fire and casualty insurance department of International Business Machines Corp. He was formerly an accounting machine sales representative for the company in Hartford.

In his new post he will assist the fire and casualty insurance special department to coordinate sales activities and planning of applications of IBM equipment to meet the needs of the

fire and casualty insurance business. He will also assist the special department in conducting classes for customer personnel and seminars for IBM sales representatives, to keep them up-to-date on new machine accounting and data processing techniques in the fire and casualty insurance industry. Mr. Oram, a graduate of Harvard university, joined IBM in 1952.

A. David Reinhard, for 10 years with the claims department of Aetna Casualty, has joined American Auto as claims supervisor at Seattle.

## Time to Mechanize?



IF YOUR BOOKKEEPING PROBLEMS are multiplying because of increased premium volume. If outgrown accounting methods have you chained to your desk with less time for sales-agency activities . . .

If you're undecided whether to hire another girl or invest in a bookkeeping machine . . .

Chances are you'd like to know how other agents have solved this important problem — what types of machines they purchased — costs — results . . .

Be sure to send today for your free copy of the article "Can A Machine Do It Better? Quicker? Cheaper?" This informative reprint based on the recent HARTFORD AGENT Office Management study cites case history experiences . . . shows how other agents figured out the bookkeeping problems that are bothering you!

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Year in and year out you'll do well with the

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Twin City Fire Insurance Company . . . . .



Hartford 15, Connecticut  
New York 38, New York  
Minneapolis 2, Minnesota

## EDITORIAL COMMENT

### An Insurance To Value Campaign?

Is it time for another insurance to value campaign?

On the figures contained in the story in this issue dealing with underinsurance on dwelling risks, the answer is "yes."

The 1946-47 promotion of more adequate insurance to value was highly successful. But it did not permanently educate insurance buyers to keep their insurance up to the value of the property they own—and could not have been expected to do so.

The figures indicate that the percentage of underinsurance is much higher than it should be, judged by any standard. Such business is uneconomic for both insurers and agents, and most of the alleviating devices that have been tried or suggested are not wholly practical or effective. Co-insurance on such business is not practical. Minimum premiums present difficulties, though they have their uses. Competition and rate regulation have fried the fat out of the fire and extended coverage rates on the dwelling class. Of course, the many homeowners who are seriously underinsured are tempting fate.

Consequently an insurance to value campaign, which in 1946-47 proved itself to the satisfaction of participants

—companies, agents, bureaus and organizations—looks like the best way to correct a situation that is bad for everyone.

In these times of growing competitive differences and strained and brittle relationships, such a program could be a rallying point. All would benefit, including insured since the objective of such a program is to impress on his mind a fundamental value in insurance—to have adequate coverage when there is a loss.

In addition, the business has a considerable responsibility to get insurance up to value and eliminate the chance of substantial risk bearing by small insured—or at least so strongly impress the dangers of underinsurance on insured's mind that the responsibility for making a bad choice is clearly shifted to him.

Every 10 years hardly seems too often to undertake a businesswide sales effort that produces such beneficial results for agents, companies and the public.

Actually, it is curious that most of the consideration devoted to the problem has been prompted by consciousness of cost, and that the situation has not been looked on rather as a fine opportunity for sales.

### The 'Digest' Owes Mr. Holz an Apology

The *Reader's Digest*, we believe, owes a sincere and ungrudging apology to Insurance Superintendent Holz of New York. An article in the September issue, by implication and innuendo, makes it appear that Mr. Holz, bowing to the political power of the underworld, pulled his punches in his investigation of union welfare-fund racketeering.

Based on what we know of Mr. Holz and his reputation in the insurance business, our belief is that he would resign at once in preference to having a part in any action that wouldn't stand the light of day. We have never heard of the slightest evidence that he has soft-pedaled his investigations to favor racketeers. It is safe to say no such evidence exists or Lester Velie would have used it in his otherwise valuable *Digest* article, "The Racket That's Run by Ghosts." You can be sure he wouldn't have limited himself to insinuations if he really had facts.

Mr. Velie tried to make it appear that there was something sinister about Mr. Holz's not following precisely the same investigatory pattern as his predecessor, Alfred J. Bohlinger. But by the time Mr. Holz took office the pattern of welfare fund racketeering had been clearly shown up.

The main need was to determine what should be embodied in legislation to eliminate the opportunity for future racketeering.

One of Mr. Holz's first moves after taking office was to appoint Martin S. House, a distinguished lawyer, as special counsel of the department to conduct an investigation into phases of union welfare and pension funds not covered by Superintendent Bohlinger's investigation, with a view to developing appropriate legislation to submit to the 1956 legislature.

This investigation, says Mr. Velie in his article, was "blocked." If Mr. Velie is correct on this point, he must have better sources of information than are available to us.

"The superintendent of insurance, Leffert Holz, decreed that there would be no public hearings," the Velie article continues. "Then even the closed hearings stopped. Why?"

The statement that there were no public hearings is completely inaccurate. They were held Nov. 21, 22, 23 and 25, 1955. They were covered by the insurance and daily papers and insurance men, some of whom testified. We don't know how hearings

could be much more "public" than that. Maybe Mr. Velie felt they should have been held in the middle of Times Square.

Not only does Mr. Holz's reputation and record refute the *Digest* article's slurs but there is other evidence that adds to the absurdity of Mr. Velie's insinuations. Mr. Holz took the post of insurance superintendent reluctantly and only at the urging of Gov. Harriman. As a real-estate lawyer, Mr. Holz was making substantially more than he now earns as insurance superintendent. He is far enough along in years so that he had no need for the insurance superintendency as a stepping stone. Is it sensible to suppose that a man who has forged a long and honorable career would besmirch it by playing footsie with racketeers?

With its army of researchers, the *Reader's Digest* can readily verify the truth of what we have said about Mr. Holz. When it has done that, it should do all it can to correct the false impression of the New York insurance superintendent that has been given to millions of readers. It isn't hard to understand how the *Digest's* editors slipped up in taking a trusted author's material at face value. Failure to make amends through a complete retraction would be more difficult to excuse.

Western Factory Insurance Association, Pacific Factory Insurance Association and Western Sprinklered Risk Association and was named controller of the national organization.

Mr. Wilcox has been a field man in New England, and Pennsylvania, and the south. He was named executive assistant of the middle department in 1951.

**Mr. and Mrs. Leo B. Menner Jr.** are the parents of a daughter, Patricia Ann. Mr. Menner is with Stewart, Smith (Ill.) Inc., and his father, Leo B. Menner, is executive vice-president of Stewart, Smith (Ill.) Inc.

**T. Coleman Andrews Jr.**, son of the president and chairman of American Fidelity & Casualty, has become a general partner in the McCue, Alsop & Ellicott agency of Richmond, Va. He has been with the firm since 1954.

## DEATHS

**COLIN E. SWORD**, 76, retired Canadian manager of Union of Canada died at Toronto. He was president of Beaver Fire.

In 1896, he started with London & Lancashire in England. In 1906, he went to Canada as secretary of Quebec Fire. He served as manager of London & Lancashire in Montreal and joined Union of Canada in 1924.

## PERSONALS

**Karl Faust**, newly elected vice-president of American Home, has frequently



Karl Faust

been spokesman for the insurance business in the seminars of Practicing Law Institute. Commenting on his appointment, C. P. Cunningham, president, said that the company will now place all claim and loss activity in a single department so that the responsibility of loss and claim expenditures will rest with one qualified executive to expedite service to policyholders and claimants. Mr. Faust has been in claims work for more than 25 years.

**T. Y. Ramsdell**, comptroller, and **Clayton W. Wilcox**, executive assistant, have marked 50 and 40 years, respectively, with Factory Insurance Association. Mr. Ramsdell was honored at a dinner by more than 100 of his friends and associates. He started as an office boy and worked up to comptroller of the eastern office in 1936. In 1943 he consolidated finances of FIA,

**ROY C. MACDONALD**, 57, underwriter of Improved Risk Mutuals, died suddenly of a heart attack. He had been with the company since 1947. He lived in the Bronx.

**X. R. ROYSTER SR.**, 68, prominent local agent at Henderson, Ky., died there.

**JOHN J. ALBIEZ**, 50, local agent of Union, N. J., died at Beth Israel hospital in Newark, after a short illness. A brother, George P. Albiez, is manager of Pearl in Newark and past MLG of the New Jersey pond of Blud Goose.

**WILLIAM L. WALDSCHMIDT**, 73, local agent at Columbus, O., died at Mt. Carmel hospital there after a short illness. Two sons, Milton H. and Lee L., are partners in the agency.

**WILLIAM F. BLIGHT**, 85, local agent of Bridgeport, Conn., died there after a long illness. He formed the agency of Catlin & Blight in 1903.

**JOHN L. POWERS**, 49, state agent of Home in western Massachusetts, died after a sudden illness. He was with the company for more than 30 years.

Word has been received of the death at Valparaiso, Ind. of **FREDERIC W. ELDER**, 77, retired Wisconsin state

### The NATIONAL UNDERWRITER

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**SAN FRANCISCO 4, CAL.**—Flatiron Bldg., 544 Market St., Tel. Elbrook 2-3054. A. J. Wheeler, Pacific Coast Manager.



September 6, 1956

agent of New York Underwriters. Mr. Edler had been living at Valparaiso. He started with New York Underwriters in 1894 in the New York office, going into the field in 1906 as special agent. He was in Iowa, Missouri and Indiana for a few years until going to Wisconsin as special agent, and in 1916 he was promoted to state agent succeeding Robe Bird. He was in the Wisconsin field for New York Underwriters until his retirement in 1945.

**FRED N. REQUA**, 85, who for 46 years was western general agent for Farmers Fire of York, died at Fort Lauderdale, Fla., earlier this year, it has been learned. Mr. Requa spent his entire business career with Farmers Fire and was a director of the company for many years until his death.

**JAMES A. FLINT**, 89, local agent at Pony, Mont., died at Camas Hot Springs following a short illness. He was in age the oldest licensed agent in the state and represented Home for more than 50 years.

### Some Mass. Adjusters of Travelers Unionized

**WASHINGTON**—National Labor Relations Board has certified local 6 of Office Employees International Union AFL-CIO as collective bargaining agent of adjusters and resident adjusters employed by Travelers in the Boston branch covering offices in Boston, Lynn, Lawrence, Lowell, Fall River and New Bedford, Mass. Office clerical employees and line adjusters were excluded.

The election, among 73 eligible to vote, resulted in 41 votes for local 6, 31 votes against the union and one not voting.

The union had sought to represent Travelers claim adjusters in Boston, Worcester, Springfield and Pittsfield.

### National Surety to Reincorporate in Cal.

National Surety of California has sold 20,000 shares of its \$100 par value stock to National Surety of New York and National Surety of New York is being reincorporated in California. Both corporations are part of Fireman's Fund group. The reincorporation will bring no change in underwriting or policies of the New York firm. The change is purely an internal matter for the purpose of transferring the seat of the corporation to California, the home of the parent organization, Fireman's Fund.

Newly elected officers of Insurance Women of Denver are: President, Phillips Zangari; 1st Vice-president, Evelyn Adkins; 2nd Vice-president, Gertrude Rettler; Recording-secretary, Laura Clark; Corresponding secretary, Dorothy Litmer, and Treasurer, Alice Chaplin.

### Propose Merger of L. & L. Insurers as Safeguard Ins. Co.

Directors of Orient, London & Lancashire Indemnity and Safeguard have voted to recommend to stockholders the merger of the three companies under the name of Safeguard Ins. Co. Special meetings of stockholders will be held Sept. 10-11 to act on the proposal, which is subject to approval of New York and Connecticut insurance departments. The merger would be effective Dec. 31.

Policyholder surplus would be about \$10 million and starting capital \$1.5 million. The three companies are members of the London & Lancashire group with administrative offices in Hartford.

Orient, a Connecticut corporation, has been writing fire and marine business since 1872, while London & Lancashire Indemnity and Safeguard, both New York corporations, have been in the casualty and surety business and in the fire business, respectively, since 1915.

## STOCKS

By H. W. Cornelius Bacon, Whipple & Co.  
135 S. LaSalle St., Chicago, Sept. 4, 1956

	Bid	Asked
Aetna Casualty	125	128
Aetna Fire	63	64 1/2
Aetna Life	181	185
Agricultural	31	32
American Equitable	34	36
American Auto	24 1/2	26
American, (N. J.)	29 1/2	30 1/2
American Motorists	13	14
American Surety	20	21 1/4
Boston	34	35
Camden Fire	26 1/2	27 1/2
Continental Casualty	96 1/2	98 1/2
Crum & Forster com.	61 1/2	63
Federal	37	38
Fire Association	45 1/2	47
Fireman's Fund	52	53 1/2
Firemen's, (N. J.)	38 1/2	39 1/2
General Reinsurance	42 1/2	44
Glens Falls	69	71
Globe & Republic	20	21
Great American Fire	36 1/4	37 1/4
Hartford Fire	138	140
Hanover Fire	40 1/2	42
Home (N. Y.)	41 1/4	42 1/4
Ins. Co. of No. America	96	98
Maryland Casualty	33 1/2	34 1/2
Mass. Bonding	33 1/2	35
National Casualty	55	Bid
National Fire	107	110
National Union	38 1/2	40
New Amsterdam Cas.	46	49
New Hampshire	38	40
North River	35	36
Ohio Casualty	24 1/2	26
Phoenix Conn.	72	73 1/2
Prov. Wash.	22 1/2	23 1/2
St. Paul F. & M.	52	54
Security, Conn.	37	39
Springfield F.&M.	49 1/2	51
Travelers	71	72
U.S.F.&G.	64	65 1/2
U. S. Fire	22 1/2	23 1/2

## SLOW BURN?

When problems of Fire insurance have you doing a "slow burn" the best thing to do is call on Illinois R. B. Jones. Not only can you count on expert, fast and efficient service . . . you can also take advantage of Illinois R. B. Jones' capacity to handle Fire risks of any nature, direct or reinsurance.

Why look further? Here's a single source of markets for Fire and all risks . . .

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PREFERRED RISKS  
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## "Stockholm" Owners Ask \$2 Million for Crash Damages

NEW YORK—Swedish American line has filed suit in federal district court here for \$2 million to cover damage to the motorship *Stockholm* and other losses sustained in the July collision with the Italian luxury liner *Andrea Doria*. Total claims sought from the crash, in which the *Doria* was lost, now total an estimated \$30 to \$35 million.

Several weeks ago in the same court the Italian Line filed a \$25 million claim against the Swedish line for the destruction of its 29,000 ton vessel.

The new Swedish action was filed to cover the estimated \$1 million cost of repairs to the liner's sheared bow and an estimated \$1 loss of business. The repair work on the liner will keep her out of service for at least 100 days, the Swedish line said.

In addition to these claims the *Stockholm* owners are seeking indemnity from the Italian line for any amounts

that third parties may claim as a result of crash losses and injuries.

It is estimated that 40 individual suits have been filed against the Italian line and 20 to 25 against the Swedish line, excluding the major claims. The federal court, which has moved to consolidate all cases into a single action, has set Sept. 11 as the deadline for filing action against the Swedish American line and Sept. 18 for filing against the Italian line.

## N. Y. Welfare Fund Law Goes into Effect

New York state has put into effect its recently enacted employee welfare fund law which requires jointly administered union welfare funds to register and report to the insurance and banking departments.

Registration forms have been mailed to 1,000 union welfare funds with covered employees in the state and must be returned by Nov. 30.

Superintendent Holz, acting under the new law, has created a welfare fund bureau within his department and has appointed Murray Isaacs director and Benjamin L. Tenzer counsel,

James J. Higgins, former chief examiner of the department's uniform accounting section, was named chief of the examination section. The bureau is developing administrative machinery for other provisions of the new law.

Welfare funds must file annual statements of financial condition and annual reports next March 1. Amounts of money paid to insurers and trustees may be made public if the state feels it is in the public interest to do so. These provisions are designed to provide disclosure of significant operations and transactions of welfare funds to the public and the authorities.

The insurance and banking department superintendents may examine a fund as often as they see fit, but must make examinations at least once every five years. Books and records will be checked for possible law violations and other malpractices. Penalties are provided for willful failure to comply with the law's provisions.

Funds administered by employers only are exempted from the law.

## Collins Joins Local Agency

Charles T. Collins, education director of Ohio Assn. of Insurance Agents, has resigned to join the Brain agency at Springfield, O.

## Kansas City F.&M. Appoints W. F. Seitz to Underwriting Post

William F. Seitz has been named executive assistant in the underwriting department of Kansas City F.&M. He will assist F. H. Calvin, executive vice-president for underwriting and production.

For seven years Mr. Seitz has been vice-president of Houston Fire & Casualty, and from 1937 to 1947 was Missouri, Kansas and Oklahoma state agent of Gulf, and for two years after that was secretary of Gulf. Prior to 1937 he was with Loyalty group as a special agent.

## National Union Shows Volume Gain, Underwriting Loss

Premiums written in the first six months of 1956 totaled \$19,208,830 for National Union group, a 7% increase over the first half of 1955.

Underwriting loss was \$2,396,739, compared to a loss of \$965,384 in the first half of 1955. Net investment income was \$1,124,874 compared to \$993,215. The over-all operating loss of \$405,539 in the first six months compares with a net profit of \$168,640 a year ago.

President William MacLean said nationwide fire losses were up 10%, windstorm losses were heavy in the midwest and automobile results continued unfavorable.

## May Hike Compulsory Rates 20% in Mass.

Compulsory automobile insurance rates for 1957 in Massachusetts may be increased as much as 20%, according to insurance men. As a result, Rep. Canavan filed a resolve calling for a special commission to investigate all phases of motor vehicle insurance in the state.

John H. Louden, deputy insurance commissioner, said that the 1957 rates have not yet been set. He added the 1,250,000 pleasure car owners in the state would pay \$60 million more if the predicted raise goes through.

Insurer spokesmen stated that contributing to need for increased rates are the 20% increase in accident claims during the first four months of 1956, the rise in cost of the average claim, the repeal of the demerit rating plan, and a pending measure which would place accident-free drivers under 25 in the lowest class rating.

Insurers indicated that insurance may be more difficult to get in 1957 since the freeze, under which insurers agreed to insure any client from year to year, has been lifted.

## Pittsburgh Agents to Elect

Pittsburgh Assn. of Insurance Agents will elect officers and directors Sept. 24 at Hotel Penn-Sheraton, Pittsburgh. Those nominated are George H. Rice, president; Harold L. Walley, vice-president, and Earl B. Hess, Alvin Rogal and Paul J. Trimbur, directors. Thomas R. Balaban, deputy insurance commissioner, will install the officers and speak.

## Ohio Farmers Transfers Revelle

D. W. Revelle, an adjuster at the home office of Ohio Farmers, has been transferred to the Jackson claim office.

# Free!

## *A unique booklet to help you sell Business Life Insurance*

Last May we offered you a free booklet to help you sell partnership insurance. Now we've got another fine booklet that will help you sell business insurance to close corporations. This one's called, "Your Corporate Associate Can Be Your Downfall."

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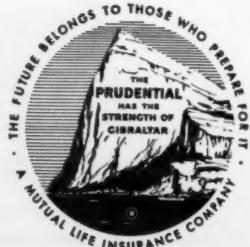
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NU48

## Backs N. Y. Producers on PPF Coinsurance

George Oppenheimer of the Oppenheimer Bros. agency of Kansas City has written to H. L. Wayne, manager of Inland Marine Insurance Bureau, in reference to the personal property floater, as follows:

As the "inventor" of the personal property floater policy many years ago, I am extremely interested in the recent announced revisions of the policy, particularly the limits of liability by classes and the intended coinsurance clause applicable thereto.

At the time this policy was devised Mr. F. R. Bigelow, president of St. Paul F&M., and the writer recognized that the success of the policy would depend upon the proper insurance to value. We agreed that a coinsurance clause applicable to household goods in a going household would be impractical. At the writer's suggestion a classification of the personal property would, to a large extent serve the same purpose and the policy was so promulgated.

When the bureau took over the policy the limitation of liability by classes was eliminated and I believe for a short time the classifications were even left out of the policy but written on the application. This was later reinstated in the policy but its effect was nil since it was not obligatory in its use. This change was protested by the writer through St. Paul, but the protest was not effective.

It now appears that the bureau is going back to St. Paul's original plan but is going to the other extreme, by applying the coinsurance clause in addition.

In my opinion this is not only unnecessary but is going to cause untold irritation and difficulty in loss adjustments. I, therefore, greatly sympathize with the protest of the New York Brokers Assn., which I have noted in the Aug. 23 issue of THE NATIONAL UNDERWRITER, which article has inspired this letter.

## CPCU Preserves Atom Talks in Supplement

Society of CPCU has preserved five papers presented at the atomic risk forum in Indianapolis last May as the first supplement to the society's annuals.

The speakers, whose papers are preserved, are Reuel C. Stratton of Travelers, on atomic risk and safety engineering; William J. Satterfield Jr. of Atomic Energy Commission, on the government attitude toward atomic risk; Ambrose B. Kelly of Factory Mutuals, on fire insurance problems in the atomic age; James M. Crawford of Indemnity of North America, on casualty insurance in the atomic age, and Claude M. Rice of Babcock & Wilcox Co., on a buyer's view of insurance in the atomic age. The special supplement is available from the society, 3924 Walnut street, Philadelphia.

## Elect at Kansas City, Kan.

Kansas City (Kans.) Assn. of Insurance Agents has elected J. R. Lobaugh president, John Clafin vice-president, and reelected Clarence H. Lind secretary-treasurer. Donald Schulze, the retiring president, has served for two years.

## San Antonio Claim Men Meet

San Antonio Claim Men's Assn. at its Aug. 8 meeting heard a speech by Solomon Casseb Jr., attorney, on the "Relation of the Adjuster to the Plaintiff's Attorney."

Mr. Casseb said there would be better settlements if the claim man would contact the plaintiff's attorney and dis-

cuss the problems presented in the case. He said that many cases can be settled outside of court and that the lawyer prefers settling a claim with a competent adjuster rather than going into court before a jury.

**American Universal** and its affiliate, Newfoundland American, wrote premiums of \$6,214,370 the first six months compared to \$5,270,742, but sustained a \$89,873 statutory underwriting loss compared with a gain of \$11,516 in 1955.

## Travelers Puts Out Hurricane Chart

Travelers has compiled and is distributing to radio stations along the eastern seaboard for later distribution to listeners, a hurricane information and tracking chart. Dr. Thomas F. Malone, director of Travelers weather service, explained that the chart, 18 by 12 inches, shows the paths of five previous hurricanes. It is marked with longitude and latitude so that, as the

U. S. Weather Bureau gives the position of the hurricanes to the nearest 10th degree every six hours, radio listeners can plot the progress of threatening storms from radio reports.

The booklet defines the terms "hurricane watch," "hurricane warning," and "storm warning" as they are used by the weather bureau. It also contains background information on hurricanes and precautionary steps that should be taken as a hurricane approaches.



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## FIELD

**National of Hartford Transfers Two Field Men**

General Manager C. L. Zook of National of Hartford group's western department has announced the transfer of Special Agent Howard E. Buetow from Indiana to the eastern Wisconsin and the upper peninsula of Michigan territory.

Mr. Buetow joined Illinois Inspection Bureau in 1950 and went with the National of Hartford in 1953 as special agent in western Michigan. He was transferred to Indiana in 1955. His new headquarters will be at 828 North Broadway, Milwaukee, where he will be associated with Manager T. L. Mulcahy and Special Agents W. D. Hoppenjan and C. P. Falk.

Associate State Agent Robert Hedlund has been transferred from Louisville to the Indiana field.

Mr. Hedlund began his insurance career in company home office work, joining the National of Hartford Group in 1949 in the underwriting department. He was appointed special agent in Illinois in 1951 and in 1953 was transferred to Nashville, where he traveled in both Tennessee and Kentucky. In 1954 he was promoted to associate stage agent and transferred to Louisville. Mr. Hedlund will make his headquarters in the group's Indianapolis office at 1319 North Pennsylvania street, associated with State Agent E. P. Ressler, Associate State Agent R. F. Harrold, Casualty Supervisor E. H. Lyons, and Special Agent A. D. Didier.

**Harold Woodmancy Retires**

Harold C. Woodmancy, state agent at Minneapolis of St. Paul F&M. group, is retiring after 35 years with the companies. He was an automobile examiner before going into the field in northwest Ohio, where he served for 14 years. He has been in the Minneapolis territory for six years.

**Ohio-Ky. Blue Goose Rally Sept. 11 to Draw Big Crowd**

The Sept. 11 Blue Goose outing near Cincinnati, an annual tradition among Ohio and Kentucky insurance men, takes on national scope this year what with the expected attendance of a substantial number of CPCUS who will be in Cincinnati for the convention of the Society of Chartered Property & Casualty Underwriters. The outing will be held at the Summit Hills country club in northern Kentucky.

Lunch, a golf tournament a baseball game between field men from northern Ohio and those from the southwestern part of the state and Kentucky and a banquet will climax two days devoted to meetings at Cincinnati of the Blue Goose, Ohio Fire Underwriters Assn., and Ohio Fire Prevention Assn.

**Jablonski to Mich. for Ohio Farmers**

Ohio Farmers companies has named Richard D. Jablonski special agent for Michigan with headquarters at Grand Rapids. Mr. Jablonski was formerly with Michigan Inspection Bureau.

**Indiana Field Men to Have Exhibit Booth at State Fair**

INDIANAPOLIS—Eighty members of Indiana Fire Underwriters Assn., assisted by 26 ladies from Indianapolis Assn. of Insurance Women, will man a booth at the Indiana State Fair. The exhibit will be designed to get persons to recognize the importance of adequate insurance to value on homes

and contents. The Indiana fair will run for 10 days beginning Aug. 29.

This is the fourth year IFUA has had a booth at the fair. Based on past experience, the field men expect more than 10,000 persons to visit the booth and receive the literature which encourages them to check with their local agent on proper insurance to value. Those who stop at the booth will have a chance to register for a drawing of four prizes.

**Zurich Names Achatz Fire Special Agent**

James J. Achatz has joined Zurich as fire special agent for Ohio with headquarters at Cleveland.

Mr. Achatz has more than 10 years of experience in the state and was formerly with Home and with Pacific National Fire as a special and state agent.

**Riegel to Colorado for St. Paul F&M.**

St. Paul F&M. has appointed Jack L. Riegel special agent for Colorado with headquarters at Denver. He succeeds Melvin E. Dressel, who was recently transferred to the Michigan field.

**Henderson to Ohio Field for Aetna Group**

W. G. Henderson has rejoined Aetna group as special agent for southeastern Ohio. He will have headquarters with State Agent W. H. Witherspoon at Columbus.

Mr. Henderson began his insurance career as a local agent in 1932 and joined Aetna in 1945 as special agent in Indiana. He later was with another company as a field man and has just recently returned to Aetna.

**Cooper N. B. State Agent in Eastern Kansas**

James B. Cooper has been appointed fire and marine state agent in eastern Kansas by the North British group, succeeding Willis A. Hart, resigned. Since the Topeka office has been closed, Mr. Cooper will make headquarters at the western department office, 1737 McGee street, Kansas City. Recently he has been in the Oklahoma field out of Oklahoma City. He was formerly with Oklahoma Rating Bureau for three years.

Charles R. Rich will replace Mr. Cooper at Oklahoma City.

W. H. Noble, fire and inland marine state agent and H. H. Minnick, casualty and bond state agent, continue in offices at 915 Brown building, Wichita.

**Redding to Texas Field for Pan American F&C.**

Pan American F&C. has appointed James P. Redding special agent in southeast Texas.

Mr. Redding joined the company in 1949 and has served in the underwriting department and as a traveling auditor.

**Pa. Lumbermens Mutual Names Orr to N. Y. Field**

Pennsylvania Lumbermens Mutual has appointed John F. Orr special agent in New York state. He was formerly with William H. McGee & Co. of New York.

**McNabb to Mississippi for Aetna Fire Group**

Aetna Fire group has approved Millard L. McNabb special agent in Mississippi with headquarters at Jackson. After army service he joined the group and trained extensively at the home office, including the multiple line

school. He will be associated with state agent O. J. Schooley, special agent W. B. Lloyd Jr. and A. E. Davies, superintendent of casualty underwriting.

**Standard Accident Opens Office at Birmingham, Ala.**

Standard Accident and Planet have opened a service office in Birmingham, Robert T. LaMond, field representative, will be in charge. Birmingham will operate as a sub-office of the Atlanta branch and will serve Alabama and Mississippi. The Atlanta branch, of which C. E. Jackson is manager, will continue to provide direct supervision of Georgia, North and South Carolina and Tennessee.

Mr. LaMond joined Standard Accident in 1935 in New Jersey and after serving as a casualty underwriter and field representative was transferred to Atlanta in 1955 as a field representative.

**Fireman's Fund Transfers Two in Rocky Mountains**

Two field changes in the Rocky Mountain states have been made by Fireman's Fund group. Robert R. Rollings has been transferred from Casper, Wyo., where he was a multiple line field man, to Denver, where he will take on the responsibilities of fire production engineer. Donald R. Hurst, until recently at Denver, has taken over special agent duties in Wyoming, replacing Rollings.

**Security-Conn. Names Aparon to Cal. Field**

Security-Connecticut has appointed Jerome Aparon special agent in the southern Pacific coast territory under F. A. Hall, secretary and Pacific coast manager. Before joining the company he was a special agent for Swett & Crawford four years and a district manager for the Kemper group four years.

**Home Names Westin in Rocky Mountain Field**

Robert Westin has been named special agent for Home in Colorado and Wyoming with headquarters in Denver.

Jack Carter has joined the Denver staff as adjuster, succeeding Donald Wright, who has gone to the San Francisco office. Mr. Carter has been on the adjusting staff at Sacramento since 1952 and prior to joining Home was with two other companies.

**Dubuque F&M. Makes Three Field Changes**

Dubuque F&M. has made three field changes.

George Bingham, special agent for Missouri since 1954, has been transferred to the Iowa field with headquarters at Des Moines.

James Collins has been named to succeed Mr. Bingham in Missouri. He has been with the company for 15 years as an underwriter at the home office and at Kansas City.

Ralph Pape has been promoted from state agent for eastern Iowa and southern Minnesota to underwriting supervisor at the home office. Mr. Pape has been state agent for the past five years.

**Stiegelmeyer to N. M. Field for Phoenix, Conn.**

Phoenix of Hartford has named Jack L. Stiegelmeyer special agent in New Mexico at Albuquerque. He was formerly with the group's mountain states district office at Denver. He will assist Bill B. Johnson, state agent.

**Gallagher Joins Excelsior**

Excelsior has named John J. Gallagher field supervisor for eastern and

northern New York state to succeed Karl M. Keefer, who has been assigned to the territory in and around Syracuse.

Mr. Gallagher began his career with Zurich as an adjuster in 1949 and later joined Springfield F&M. in charge of claims in Maine and New Hampshire.

**Cloak to Conn. Field for Security-Conn.**

Security-Connecticut has appointed Richard F. Cloak Jr. western Connecticut special agent at New Haven. Starting with Hartford Accident, he was named special agent and bond superintendent of Fidelity & Casualty in 1947, and subsequently was Philadelphia casualty superintendent for Providence Washington and a local agent in Greenwich, Conn.

**Royal-Liverpool Names Hanson Minn. State Agent**

Glenn O. Hanson has been named northern Minnesota state agent for Royal-Liverpool group with headquarters at Duluth.

Prior to joining Royal-Liverpool, he was with Western Adjustment at Duluth for eight years.

**Wolfe From D. C. to Mass. as Special Agent**

Alfred F. Wolfe, who has been appointed special agent in western Massachusetts, with headquarters at Springfield, formerly was special agent at Washington, D. C. He was not, as stated in the Aug. 23 issue, formerly with Home at Boston. Mr. Wolfe has been with Great American several years.

**Md., Del., D.C. Field Club Outing Sept. 7**

Maryland, Delaware & District of Columbia Field Club will hold its annual outing Sept. 7 at the Prince Georges country club near College Park, Md. Activities will include a visit to the fire fighting school at the University of Maryland in the morning, golf, swimming and tennis tournaments in the afternoon, and a dinner in the evening. Wilfred Breck of Springfield F&M. is outing chairman.

**O'Halloran to Conn. Field for Hartford Steam Boiler**

Hartford Steam Boiler has transferred John D. O'Halloran, special agent, from New York to Hartford, effective Sept. 1. He joined the company in 1950.

**Martin to Ind. Field for Phoenix, Conn.**

Phoenix of Hartford has assigned Andrew S. Martin, special agent, to Indianapolis to supervise casualty and bonding operations. He was formerly at Peoria, Ill. He will work with E. H. Richardson, Richard N. Jennings and John F. Kennedy, state agents.

**American Surety Names Watson to Okla. Field**

American Surety has appointed Powell E. Watson special agent in Oklahoma at Oklahoma City. He joined the company last December and recently completed the company's training program.

**Moody to Ala. Field for Northern Assurance**

Northern of England group has appointed W. Arthur Moody special agent in Alabama to succeed Banks Griffith Jr., who has resigned to become a local agent there. Mr. Moody joined the company this year.

A &amp; S

## Set Program for Wis. A&S Sales Congress

MILWAUKEE—Wisconsin Assn. of A&H Underwriters will hold its annual state convention and sales congress here Sept. 20-21. Dale B. Potts, Wisconsin Casualty Association, state president, is chairman of the convention committee.

The program will open with a talk by V. J. Skutt, president of Mutual Benefit H. & A. The business meeting and election will precede a luncheon at which Commissioner Rogan of Wisconsin will speak.

Ward Beall, North American Life & Casualty, and Holgar Johnson, president of Institute of Life Insurance, will highlight the afternoon session. The banquet will have T. J. Litsheim, Eau Claire, as master of ceremonies.

Friday morning's session will hear William Highfield of Insurance R & R, and Sid L. Horman, vice-president of Time of Milwaukee. The convention will close with a luncheon and enter-

tainment. The association has secured a block of tickets for the Milwaukee Braves-Chicago Cubs baseball games Friday night and Saturday afternoon.

## St. Louis Blue Cross and Blue Shield to Raise Rates

St. Louis Blue Cross and Blue Shield are raising their rates effective Dec. 10. The Blue Cross basic coverage for individuals will be increased from \$2.20 to \$3 a month and for families from \$4.60 to \$6 a month; and for coverage with antillary services, individuals will pay \$3.45 a month instead of \$2.65 and families \$6.90 instead of \$5.50.

For Blue Shield, basic coverage for individuals will be raised from \$1.30 to \$1.65 and for families from \$3.35 to \$4. The present two-person membership will be eliminated.

In justification for the increase, the St. Louis plan has sent out a letter showing that in the St. Louis area hospital admissions are above the average for the nation and the costs of providing benefits have risen.

## Peerless Adds Cancer Rider to Specific Disease Policy

Peerless has added an optional cancer rider to its specific disease policy. Under the rider Peerless will pay the items of medical expense covered under the policy for the first day of medical attendance up to the three years of treatment. Coverage begins 90 days after date of policy issue and benefits will be paid up to \$2,000 prior to age 60, and up to \$1,000 after age 60.

Other diseases covered under the specific disease policy are polio, meningitis, diphtheria, scarlet fever, smallpox, rabies, typhus, tetanus and trichinosis.

## Anderson Elected to Head N.Y. A&S Club

Edward E. Anderson of Commercial Travelers Mutual Accident Association was elected president of A&H club of New York at a special meeting of the executive committee of the club called to consider the resignation of the incumbent president, Ronald H. Duncan. Mr. Duncan, who has joined Security-Connecticut group and is moving to New Haven, was given an honorary life membership in the club. His resignation was effective Aug. 15.

## A&S Ad Code Hearing in Wisconsin Sept. 17

Commissioner Rogan of Wisconsin has scheduled a public hearing for Sept. 17 on a code of fair practices in advertising of A&S insurance. The code proposed for Wisconsin is similar to the one approved by the National Assn. of Insurance Commissioners.

Three complaints about out-of-state mail order A&S insurance have been received by the Wisconsin department since Commissioner Rogan announced his intentions of calling the hearing.

No complaints of false advertising have been received previous to his announcement. The proposed code would give the department authority to take action against companies guilty of misleading advertising practices, according to Commissioner Rogan.

## To Hear Attorney at St. Louis

St. Louis Assn. of A&H Underwriters will hold its first meeting of the 1956-57 season Sept. 27 with A. L. Weiss, local attorney and a CPCU, speaking on "The Use of A&S Insurance on Key Men With Tax Deduction Consequences to the Employer." The association has lined up its programs and speakers through January.

(More A&S News on Page 35)

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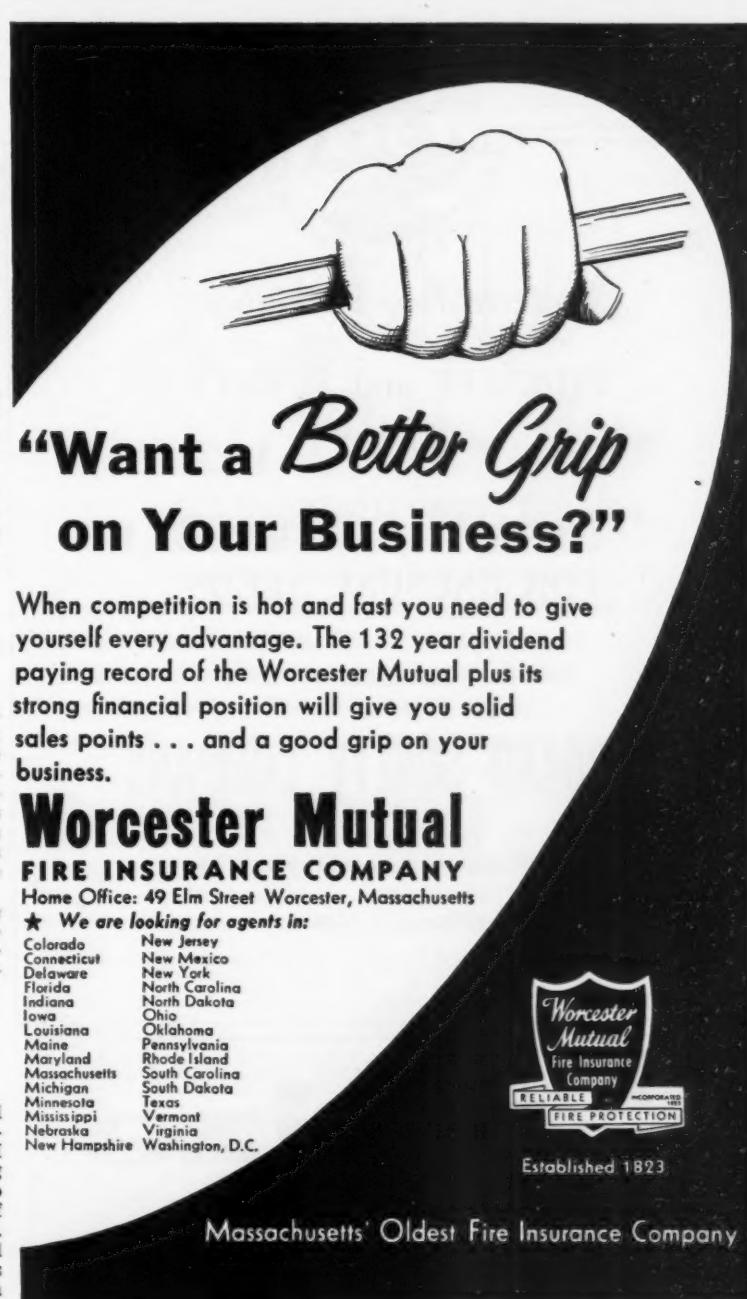
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**Boate Urges Stronger Safety Leadership**

The key to traffic safety in New York state is strong official leadership and assistance by the state government, Thomas N. Boate, manager of the accident prevention department of Assn. of Casualty & Surety Companies, told a New York state conference of mayors and municipal officials in New York.

He cited the insurance business's New York state community assistance program as an example of private interests helping municipal governments. This program disclosed that steady and substantial progress was made in those communities with strong official leadership which utilized and benefited from outside assistance, he said. The logical source of assistance is not private business, he declared, but state government.

The association will continue to provide a limited form of aid to communities throughout the state, but cannot do the full job that remains to be done, he said.

Mr. Boate recommended coordination of official traffic safety activities through creation of a state-level commission, continuous public education through organization of a state safety commission, giving the bureau of motor vehicles independent status, modernization of the state vehicle and traffic law to conform with the national uniform vehicle code, suspension and revocation of driving licenses on speeding convictions and an adequate state police force with authority to use modern traffic control devices such as radar.

**Whitford Retires After 40 Years With Hartford**

LOS ANGELES—Walter R. Whitford, associate southern California manager of Hartford Accident, has retired after 40 years with the company. A. Lowell Blackburn has been appointed assistant resident manager in southern California succeeding him.

Mr. Whitford was with Hartford in the east for 10 years before going to the Pacific department in 1926 as superintendent of the bonding department at Los Angeles. In 1946 he was advanced to associate resident manager.

Mr. Blackburn joined Hartford Accident 34 years ago at San Francisco, in 1926 becoming special agent at Portland. Two years later he returned to San Francisco in the bonding department, and in 1949 was transferred to Los Angeles as bond superintendent.

**Chubb's Independent PPF Filing Approved**

New York department has approved independent filings of personal property floater rates and rules filed by Chubb & Son. With the exception of four counties, Bronx, New York, Kings and Queens, the filings in the state are identical to those filed recently by inland Marine Insurance Bureau.

The Chubb & Son filings, effective Sept. 15, differ in the four counties in the following respects:

A minimum deductible of \$50 is applied to the blanket portion of the policy with the \$100 deductible optional. This compares to IMIB's mandatory \$100 deductible. The deductible clause is the same as the one now in effect in respect to perils to which it does not apply.

A credit of 40% is allowed for the \$50 deductible with a minimum credit of \$20 and a maximum of \$50 applying. The credit for the \$100 deductible is 45% with a minimum of \$20 and a maximum of \$20 and a maximum of \$70 on a one year policy. Minimums and maximums in both cases are tripled in three year policies.

There are no coinsurance requirements in respect to the blanket portion of the policies, but the total amount of the policy must not be less than 80% of the total of the amounts specified in the declarations of insured under items (a) to (o) inclusive. These amounts are the limits of liability for the class or classes of property involved, with a maximum in the event of total loss to be the amount of the policy.

**Central Mutual Names New Special Agents in N.E., Mo.**

Edward J. Schell has been appointed by Central Mutual of Van Wert, O., as special agent in the northern New England area, and Lorne R. Hinkle has been named special agent in Missouri.

Mr. Schell has more than 35-years of service in the multiple-line field. Mr. Hinkle was graduated from Miami University, Oxford, O., where he majored in business administration.

**Reelected at Bellingham, Wash.**

Harry D. Sutherland was reelected president of Bellingham (Wash.) Assn. of Insurance Agents at the August meeting. R. P. Layzell, vice-president, and Anne E. Byrne, secretary-treasurer, were also reelected.

George P. Gillette has joined Oregon General Agency of Portland as special agent. For five years he was with Bates, Lively & Pearson general agency of Portland.

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## Stoike Heads National of Hartford Operations in Kansas, Western Mo.

K. J. Stoike, state agent in Kansas for National of Hartford group, has been promoted to manager of the combined Kansas and western Missouri fire operations, it was announced by General Manager C. L. Zook.

After experience with other stock companies in the office and field, Mr. Stoike joined National in 1945 as special agent in southern Illinois. In 1948, he was transferred to Kansas, being promoted to state agent late that year.

Mr. Stoike has his headquarters at Kansas City, in the Hall building, where he is associated with State Agent E. Packard, Special Agent J. R. Dunham, Casualty Supervisor B. D. Berch, and Engineer M. J. Babuska. Mr. Stoike's Kansas associates will, for the present, continue in their respective headquarters—Special Agents K. J. Olson and D. B. Snapp at Topeka and Special Agent A. G. Corry at Great Bend.

### Royal-Liverpool Names Reid at Mobile, Ala.

Royal-Liverpool has appointed William Reid resident supervisor of the group's Mobile, Ala., loss prevention and engineering department. He will succeed Robert F. Savage who is retiring Aug. 31.

Mr. Reid joined Royal-Liverpool as an all-lines engineer at Atlanta in 1944. In 1950 he transferred to the casualty engineering department at Nashville, and in 1953 was named supervisor of the loss prevention and engineering department at Nashville.

Durham, (N. C.), Assn. of Mutual Insurance Agents heard an address on the family auto policy at the August meeting by T. A. Williams of John Ratterree & Co. of Durham.

## Service Guide

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## F&D. Executive to Address Insurance Managers Sept. 20

George A. Connor, vice-president of Fidelity & Deposit, will address New York chapter of American Society of Insurance Management Sept. 20 on "Yardstick of Dishonesty Exposure" in New York City.

The chapter has named the following chairmen of committees for 1956-57: G. A. Mearns of Sunshine Biscuit Co., public liability; R. B. Schellerup of Union Bag & Paper Co., boiler & machinery; A. S. Hall of General Aniline & Film Corp., employee benefits; Paul A. King of Bigelow-Sanford Carpet Co., fire & supplementary perils; J. Kiefer of American Oil Co., marine & inland marine insurance; L. W. Mosher of General Electric, self insurance, and Claude H. Rice of Babcock & Wilcox Co., workmen's compensation.

The chapter also has planned a series of half-day seminars, to be held at Hotel Statler. These are: Boiler & machinery, Oct. 16; workmen's compensation, Nov. 9; fire and supplementary perils, Dec. 14; public liability, Jan. 15; marine and inland marine, Feb. 13; self insurance, March 12; crime insurance, April 16, and employee benefits, May 14.

## Program Ready for Nevada Agents' Rally

The program has been distributed for the annual meeting of Nevada Assn. of Insurance Agents at Reno Sept. 20-22. The first afternoon will be devoted to registration and the golf tournament, with a banquet of Surplus Line Assn. in the evening at which talks will be given by Merrill Davis, manager of Utah Surplus Line Assn., and Frank Salisbury, chairman of that organization.

On Sept. 21 there will be a past presidents' breakfast, and the first speaker at the general session will be Commissioner Hammel. Also scheduled for that day is a panel discussion on the homeowner's policies, a talk on salesmanship at the luncheon, a general discussion session, a cocktail party and banquet.

On the final day, Charles Bunchu of Hartford Accident will talk on the new family automobile policy, and there will be a panel discussion on mercantile block moderated by Lloyd S. Hobron of Reno. New officers will be elected in the afternoon.

## Employees to Have Garden Show

Employees of Royal-Liverpool will have a home garden exhibit in their lounge Sept. 10 at the New York office. Prizes totaling more than \$500 for the best exhibits in three classes, vegetables, flowers and flower arrangements, will be presented by Clarke Smith, U.S. manager and president. John B. Stebbings is chairman of the event, assisted by Michael M. Mesler, R. J. Thornton and Dorothy McArdle.



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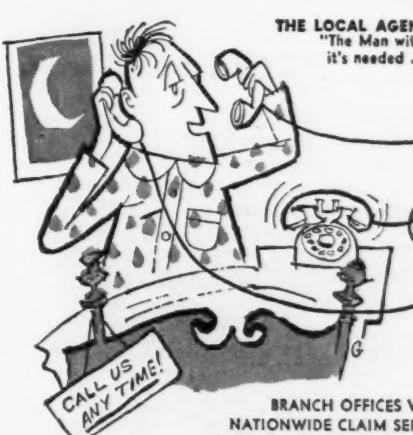
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## Few Court Cases as Guides in Reinsurance

(CONTINUED FROM PAGE 13)

must neither favor one party over the other nor give any of its confidential information to the opponents but must remain neutral and allow the case to reach a conclusion on its merits regardless of the financial effect.

With the reinsurer following the fortunes of reinsured, Mr. Tressler said there frequently arises the question concerning the position the reinsurer will take when reinsured is held liable for an excess verdict which exceeds reinsured's retention.

First, in event the primitive policy is for limits that do not exceed reinsured's retention, there would be no basis for reporting the loss to the reinsurer nor would the latter anticipate in its underwriting that these low limit policies would involve it and the premium charged by the reinsurer would not have to be loaded to compensate it for losses in excess of these minimal policy limits even in cases where the primary insurer was obligated to defend the suit beyond the limits of the policy. In cases where the primary insurer is not obligated to defend any basis for reporting the matter to the reinsurer would cease.

Next, if the policy limits exceed reinsured's retention and the matter has been reported to the reinsurer who has agreed to reject the claimant's offer to settle for an amount within the policy limits, Mr. Tressler believes that the reinsurer then has become a party to reinsured's negligence or bad faith in the defense of the claim even though not actively engaged in the defense by reason of its acquiescence in the defense strategy. It stood to profit by successful defense and should therefore stand to lose by the adverse outcome and should thereby indemnify reinsured.

Next, Mr. Tressler advised, if through hindsight the reinsurer would have concurred in reinsured's position of rejecting settlement, had the case been reported to it prior to the excess verdict assessed by reason of negligence, the reinsurer would follow the fortunes of reinsured and be liable.

If reinsured fails to report to the reinsurer on a loss in excess of reinsured's retention where the verdict is based on reinsured's bad faith rather than mere negligence, Mr. Tressler is of the opinion that the reinsurer would not be liable. Nor would he be liable had the loss been reported but a settlement never presented to the reinsurer with reinsured guilty of bad faith or misconduct in rejecting the settlement.

The subrogation clause also gives rise to questions. In excess of loss contracts it is commonly held that the policyholder, though able to sue the insurer, cannot sue the reinsurer on the latter's agreement to cover excess losses. Similarly there is no arrangement for a reinsurer to be subrogated to the rights of reinsured so as to sue in the latter's name those parties responsible for the loss.

However, Mr. Tressler continued, there are certain instances where reinsured may waive its privilege of recoupment and the reinsurer can preserve this privilege by inserting a subrogation clause in the treaty in its own or reinsured's name, and, by taking the latter's name in lieu of its own, eliminate the subject of reinsur-

ance and its implications that might be detrimental before a court.

The only pertinent problem that arises under the arbitration clause is that the reinsurance contract may not be enforceable in a state where arbitration is not recognized, and the contract cannot be construed as a contract of a state which recognizes arbitration, or one in which the parties have agreed that arbitration shall be conducted in such a state and subject to its arbitration laws.

Despite these and other similar problems in the relationship of reinsured and the reinsurer, Mr. Tressler reemphasized that the reinsurer has no other great concern except to remember its own responsibilities and duties, not only as respects its own administration and operation, but those to its reinsured under its motto of "utmost good faith."

## Travelers Asks for Go-Ahead on TV Station

Travelers broadcasting service has asked Federal Communications Commission to drop the FCC proposal to shift Channel 3 to Providence and to permit Travelers to go ahead and build a station. The company stated in its request that it has been trying for a channel for nine years and was awarded Channel 3 by an FCC hearing examiner a long time ago.

The FCC recently upheld the examiner's findings, but required Travelers to wait until the question of whether Hartford or Providence should have the particular channel was settled.

Hartford Telecasting Co., which has been contending with Travelers for the Hartford channel, has asked FCC to reconsider its decision in the case.

## Michigan Surety Names Rodney V-P at Chicago

Melvin E. Rodney has been appointed vice-president at Chicago for Michigan Surety and Agency Corp. of America. Agency Corp. of America is managing general agent for transportation lines to be written by Michigan Surety.

Mr. Rodney started in insurance in the home office of Liberty Mutual and was with the company for 20 years, serving also at Buffalo and Chicago. He went with Virginia Surety in 1951 as underwriting manager, and last year went into the agency business.

## Passaic County, N. J., Agents Annual Sept. 13

Passaic County (N. J.) Assn. of Insurance Agents will install James Ryan of Paterson as president at the annual meeting Sept. 13 in Gene Boyle's restaurant, Clifton. Commissioner Howell will be the principal speaker. Others to be installed are Norman Darmstatter of Passaic, vice-president, and R. W. Coburn of Paterson, secretary. James Mulrooney of Paterson is the dinner chairman.

### Name Ia. District Directors

DES MOINES—District directors of Iowa Assn. of Insurance Agents, elected in district elections, are: A. I. McClinton of Cherokee; John C. Thompson of Forest City; Gretchen Atherton of Charles City; Raymond H. Fliehler of Strawberry Point; H. Lee Wilts of Cedar Rapids; Sherwood Bell of Marshalltown; Earl Holtz of Ames; Hugo C. Dahms of Schleswig; Arthur Dinnidie of Bedford; Martin A. Hynden of Lamoni; L. W. Cooley of Fairfield, and Bill T. Mason of Fort Madison.

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## ABA CONVENTION

Airport Operator  
Faces Long List  
of Liability Risks

William H. Hillier, partner of Lord, Bissell & Brook of Chicago, discussed particular hazards for which airport operators may be held liable, in a talk before the annual meeting of the insurance law section of American Bar Assn. in Dallas.

Since most airports are owned by and operated under the direction or control of a city, county or other governmental body, it is important to determine whether their operation is a governmental or a proprietary function, Mr. Hillier began. If the former, the immunity of the sovereign may avoid all liability; if the latter, the airport operator may be held responsible for his torts and those of his employees. Courts, on the whole, have held that airport operation is a proprietary and not governmental function, and rulings and judgments have been consistently based on this principle, he pointed out.

While an airport is primarily a gathering place for people desiring to use or having business with airplanes, an airport operator has duties to them which have no direct connection with flight operations, Mr. Hillier observed. He has a duty to remove snow and ice from parking areas and sidewalks, and he may be held liable for falls on slippery floors, deceptive steps or defective pavement. He may even be liable if one of his employees negligently shoots a visitor at the airport. In short, Mr. Hillier said, with regard to the parts of his premises not directly concerned with aircraft operations, the airport operator has the same duties to persons invited thereon as any business or building proprietor.

The operator also has responsibilities in providing facilities for use of aircraft and, at the same time, for use of pedestrians and motor vehicles. Whirling propellers and the suction and exhaust of jet planes are dangerous, and airport operators must keep pedestrians away from them, he said. Planes taxiing or landing and taking off need maximum freedom of action, undisturbed by ground traffic, Mr. Hillier pointed out. These and similar considerations require an airport operator to control the entrance of vehicles and pedestrians onto areas where planes operate and vice versa.

An airport operator also owes a duty to aircraft operators to provide a reasonably safe place for taking off, landing and taxiing. Not only must runways be kept clear of obstacles or obstruction, but so must the adjacent area, Mr. Hillier warned. However, the operator's liability for obstructions in runways is not absolute. During repairs to runways, and construction

of new runways, excavations, piles of dirt and the presence of machinery alleviates the operator from liability other than his duty to warn aircraft operators sufficiently in advance. The aircraft operator himself has substantial duties such as inquiring of conditions, making radio contact with the field before landing or taking off and landing on regularly designated strips. Otherwise he may be guilty of contributory negligence, barring any recovery for negligence of the airport operator.

The operator, Mr. Hillier continued, must use care in handling stored planes which creates a bailment relationship. Fire and windstorm are the main hazards which an operator, who stores planes, must guard against. He is responsible for securing planes in bad weather and for properly storing flammable liquids, removing of planes from the hanger, in case of fire, and preventing the spread of fire.

Control of air traffic is a growing problem, Mr. Hillier asserted. Courts in dealing with cases, involving claims based on alleged negligence in traffic control, have proceeded with caution. Under present air traffic control, the pilot has a substantial amount of freedom of action and judgment within the limitations of position imposed by the control tower. This responsibility should not be weakened by judicial decision.

Much of the air traffic control equipment is very expensive and requires highly trained personnel for its operation, and while such equipment may be feasible for a large metropolitan airport, it is not economically available for every airport. Here again, Mr. Hillier said, there is a judicial responsibility to see that the standards of care imposed on the airport operator bear reasonable relation to the nature of his operations.

Continued progress in aviation requires continued progress in management and operation of airports, Mr. Hillier concluded. Airport operators are and should be held to standards of care commensurate with the hazards involved, but it is not necessary or desirable to make them insurers of the safety of those who use airport facilities.

Casualty Accountants  
Meet Sept. 21 in N. Y.

The fall conference of Assn. of Casualty Accountants & Statisticians will be held at the Statler hotel, New York City, Sept. 21. Among the topics for discussion are statistical and accounting problems of interest to stock insurance companies, tax information and developments under the new compulsory automobile insurance law in New York.

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## MO. SUPREME COURT

Jury Should Decide  
False Swearing on  
PPF Loss Filings

Missouri supreme court held that the error in insured's schedule of losses under a personal property floatation claim was not made with an intent to deceive but was due to a mistake by insured's counsel, who inadvertently attributed the losses to the incorrect date. The case was that of Niehaus vs Central Manufacturers Mutual, in 8 CCH (fire & casualty) 1005.

Insured sued ~~to recover for~~ ~~from~~ two burglaries. A jury verdict was returned in favor of the insurer. However, the trial court granted insured a new trial because, it held, one of the insurer's requested instructions, given to the jury, was prejudicial. The insurer appealed, contending that there was no prejudicial error and that the court erred in not sustaining its motion for a directed verdict because insured had violated provisions of the policy by

not filing proofs of loss on time and was guilty of false swearing and fraud in the filing of the proofs.

The supreme court stated that insured was not guilty of a failure to file proofs of loss on time because the evidence established that the insurer's agent had waived that requirement. The higher court also held that there was sufficient evidence to prove that the error in dates of loss was not willful or an attempt to deceive the insurer.

Insured did not prepare the proof of loss, the court pointed out. Any error in this regard, the court added, was attributable to a mistake on the part of insured's lawyer, who inadvertently switched the dates or attributed the losses to the incorrect date.

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## Uniform A&S Law Not Uniform, Lawyer Says

Just how uniform is the uniform individual A&S policy provisions law as adopted in the various states? This question, and a portion of the answer, was embodied in a speech by Mark Martin of Strasburger, Price, Kelton, Miller & Martin, Dallas law firm, at the meeting of the insurance law section of American Bar Assn. at Dallas.

To counsel for A&S companies, Mr. Martin said, he is sure there exists always a Utopian dream of being able to prepare for the companies one form of policy which could be issued in all states and territories without endorsements, riders or state editions. The more optimistic lawyers had hopes in 1950 that the adoption by National Assn. of Insurance Commissioners of the uniform law might be the answer. After six years, he stated it is doubtful that there is any more uniformity in A&S policy forms than before. Many of the variations introduced by the states, he commented, are probably improvements. But, he went on, are they substantial enough to justify sacrifice of uniformity?

Looking at the provisions in the 45 of the 52 jurisdictions, including Hawaii, Puerto Rico, Alaska and District of Columbia, which have passed the uniform law, Mr. Martin pointed out that 12 of the states have reduced the period in which a claim can be denied on the basis of mistakements in the applications from three to two years. New Mexico reduced it to zero, so that the effect is to eliminate the defense that the disease or physical condition existed prior to the effective date of the policy. This, Mr. Martin commented, has the effect of undermining a basic concept of individual A&S underwriters.

New Mexico has further varied the uniform law by limited to 30 days, instead of 45, the time for rejection by the company of applications for reinstatement. The same state also has a provision that a company may cancel only at the end of a premium payment period and has extended the grace period of the uniform law.

The uniform law fixes a three year statute of limitations on commencing of legal actions; three states have fixed the limitations a five, six and 10 years. Four states have failed to provide for autopsies as permitted under the law.

## Glens Falls Promotes Rosengren in Minn.

Glens Falls has promoted John P. Rosengren from special agent to manager at Minneapolis. He will handle multiple line operations under supervision of the central department at Chicago. He started with the company in 1950 as a field man at Minneapolis following several years as a local agent.

Mississippi has omitted the proration provision as to other insurance. Ohio has adopted a special grace period and renewal provision, which makes the policy guaranteed renewable for one year each year. Oklahoma has not enacted the cancellation provision of the uniform law and though the law precludes liability for any loss resulting from insured's being intoxicated, Oklahoma, though a dry state, has deleted that portion of the law and therefore an intoxicated person may recover on his policy.

Texas, in enacting a uniform law, changed it by adding a provision fixing a maximum age limit of 25 years on non-dependent children in a family group policy. West Virginia added a provision prohibiting an exclusion for expenses or benefits from workmen's compensation. Rhode Island has added language in an effort to clarify the right of judicial review. North Carolina has modified the effect of the law by providing that a company must give notice, graduated according to the length of time a policy is in force. As a result most insurers in North Carolina have discontinued issuing the renewable-at-the-option-of-the-company type of policy. Many companies have withdrawn from the state entirely.

Louisiana and Georgia have modified the law with the 10-day free look clause. Whether, Mr. Martin stated, this type of provision may ultimately be attacked as in conflict with antirebating and discrimination laws offers an interesting question. With this sort of provision, he went on, it would be possible for a policyholder to provide himself with continuous coverage for a substantial length of time by buying a new policy every 10 days. This provision might also invite the competitive practice known as "twisting" a policyholder from one company to another.

# FIRE!

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## Insurers Tell How They Handle Reactor Risks

(CONTINUED FROM PAGE 15)

John P. to manage all handle superintendents at company Minneapolis a local

cause, clarifying language may be required to state clearly that losses from nuclear or atomic reaction are not covered or where they can be assumed, that they are accepted specifically by endorsement, perhaps for an additional consideration.

Mr. Lange said that problems facing casualty writing companies in the liability field are manifold. The exposure possibilities and dollar amount of liability in the casualty area stagger the imagination and no doubt await some limitation by statute. All these underwriting aspects are being worked upon with early solutions anticipated, in order that the public, insurance producers and companies may be in an immediate position to know their liabilities and the extent to which relief can be offered through the insurance business.

In the article in *Travelers' Protection*, it is explained that almost from the beginnings the company has played a part in the drama of atomic power. In 1940 when the nation was building a defensive war machine the War Department enlisted the aid of the engineering and loss control division of *Travelers* because of its experience of more than half a century in the prevention of industrial accidents.

The war effort took the company's underwriters, safety engineers and claim adjusters to sites of military installations all over the world. In the summer of 1943 the company, which was already underwriting and servicing more than 30 plants manufacturing high explosives was asked, by the War Department, to undertake a risk which was so secret that only one man in the entire *Travelers* organization had the vaguest inkling of what might be in the process of manufacture. The secret was divulged Aug. 6, 1945, over Hiroshima, with the explosion of the first atomic bomb.

The making of the bomb was carefully decentralized to promote secrecy, but the two largest plants were at Oak Ridge, Tenn., and Hanford, Wash. Both establishments employed tens of thousands of workers, engaged in varied operations spread out over hundreds of enclosed and heavily guarded acres.

It is an ironic fact, the article continues, that the making of this most destructive instrument conceived by man proved to be one of the safest big risks ever undertaken by the company. The worst mishap that occurred in connection with the making of the bomb had nothing to do with nuclear fission at all: it was the wreck of a locomotive which cost two lives on a railway siding at Hanford.

The first plant using atomic energy to provide a community with electric light and power was constructed by General Electric at West Milton, N. Y., and *Travelers* was chosen to assume the required insurance coverages—liability and workmen's compensation.

*Traveler* was the only representative of the insurance business on the AEC's committee on reactor safeguards—Reuel C. Stratton, a member of the engineering and loss control division, and incidentally the same man who was associated with the safety engineering program at Hanford during the manufacture of the first atomic bomb.

At the moment, the article continues, five sizable power reactor plants are contemplated. In addition, there are also contemplated several smaller

power reactors, and one or more fuel testing reactors, and one or more fuel fabricating plants. There is already in operation in an eastern state a plant engaged in fabricating atomic fuel for reactors.

An idea of the magnitude and complexity of the insuring of atomic energy establishments may be inferred from some remarks on the liability aspects of such coverage made by Mr. Haugh at a recent nuclear energy forum held by American Power Conference:

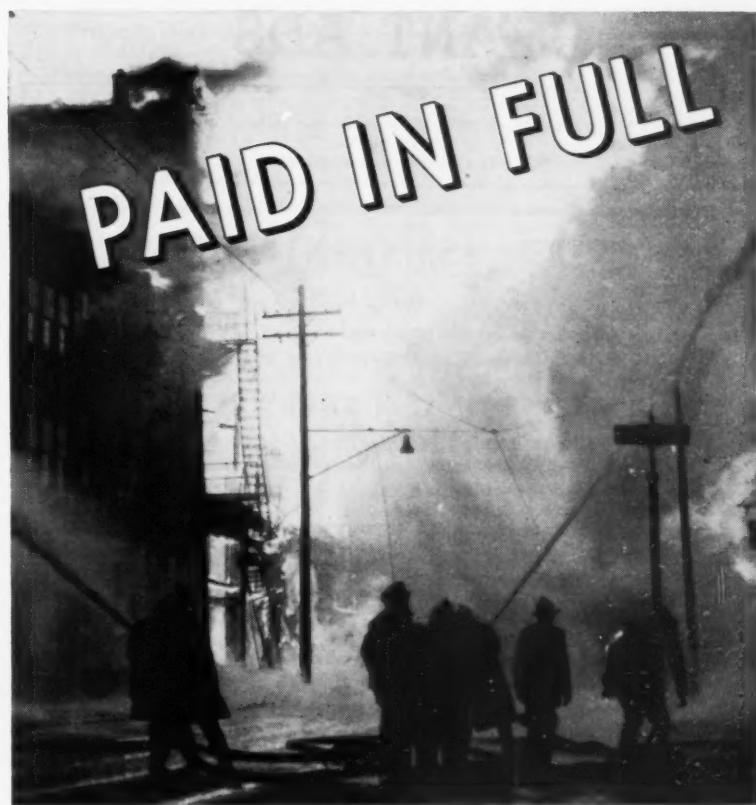
"Normally, liability insurance is sold separately, and for separate limits, or amounts of insurance, for bodily injury liability which is applicable to persons, and for property damage liability. However, it is contemplated that the insurance to be afforded by the associations will apply to both bodily injury and property damage liability combined; that is, the insurance will cover third party liability without any differentiation between persons and property. It is expected that the insurance to be afforded by the association will be limited to liability for the radiation hazard. The normal liability insurance of insured will continue unchanged excepting only that it will exclude the radiation hazard which is to be insured in the association's policy."

"In the event of claim being made for radiation injury or damage arising out of the operation of a reactor, it is quite possible that such may be brought, not only against the operator of the reactor, but also against one or more other entities who may have, or be alleged to have, some responsibility for the construction, design, or operation of the reactor or some of its component parts. This would include, among others, the designer, the general contractor, sub-contractors, manufacturers of components of the reactor, manufacturers of auxiliary equipment, etc.

"Obviously, the insurance association cannot pyramid the amount at risk on any one reactor, nor can it very readily undertake to apportion the available insurance capacity among the several interests involved. At present it appears that the most feasible solution to the problem is to include as insured in the radiation liability policy of the operator of the reactor all other interests who may be involved in a claim for injury or damage attributed to that reactor."

"The premiums or liability insurance of reactors are going to have to be determined by the associations for each individual reactor installation. Such determination will require consideration of a great deal of detailed information, such as actual location of the reactor and its proximity to watersheds and areas of concentrated population; the type of reactor; the power level; the nature and extent of containment; and meteorological conditions normally prevailing in the area.

"I would expect that premiums will be expressed in terms of amount of insurance, such, for example, as a certain for the first \$1 million of insurance and with some gradation from that sum for additional millions, possibly with variations at intervals of say \$10 million. The detail as to the premium and any gradations thereof are matters which cannot be determined until the organization of the associations is completed, and then will have to be established for each reactor."



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## No Action on Longshoremen's Compensation

(CONTINUED FROM PAGE 9)

of the stevedoring company. The Supreme Court previously had always ruled that the steamship company in fact could get part of its money back because the act limited the liability imposed on the employer to "just compensation."

In the Ryan case, however, the employer was held liable on the basis of a contractual obligation with the third party shipowner, Rep. Zelenko stated. The court did not consider the effect of its ruling upon the act as it would apply to rights and remedies of the employee.

Generally, Rep. Zelenko added, the longshoremen's and harbor workers' act is modeled substantially after the New York State WC act. The employee is protected in his claim against the third party at all times whether he accepts WC or not. An assignment of his rights to the employer comes into being only when he fails to avail himself of third-party remedy. The employer also is protected. He may acquire the right of assignment and then proceed to recoup his loss.

The Supreme Court's recent decisions have altered this premise to some extent. For instance in a recent case (see June 21 issue of The National Underwriter) the Supreme Court ruled that though a worker elected to receive WC benefits rather than proceed under a third party liability action, when he subsequently decided to sue he was entitled to do so because the district court had not passed on the defense of *laches* (inexcusable negligence and inattention to one's interests). In the decision, *Czaplicki vs S. S. Hoegh Silvercloud*, the Supreme Court said it could not agree that Czaplicki was precluded by the assignment of his rights of action from enforcing those rights in an action brought by himself. The statute, it held, assigns to the employer all right of the person entitled to compensation to recover damages against third parties when there has been acceptance of compensation under an award, and it specifically apportions any such recovery between assignee and employee whose right of action it was originally.

Vernon S. Jones, New York attorney representing steamship companies, in his testimony said that beginning with the Sieracki case the Supreme Court has, by judicial interpretation, enacted into law the principle that a stevedore is entitled to a warranty of seaworthiness. Before that case the warranty of seaworthiness was confined to seamen and members of the crew; but in this decision the Supreme Court stated that the longshoreman, because he is doing the work that a seaman formerly did, is also entitled to a warranty of seaworthiness.

"Under the Sieracki decision," Mr. Jones went on, "if a longshoreman's employer brings a defective block and tackle on board to do the work, even if the ship owner knew nothing about it, the vessel was made unseaworthy. If an employee of the stevedore was hurt, the Supreme Court held the shipowner could be sued because the ship was unseaworthy, even though the accident was caused exclusively by the negligence of the longshoreman. The shipowner warrants seaworthiness to everybody who comes aboard the vessel."

"It has been carried to a ludicrous extent by the circuit court of appeals in the case of *Grillea vs United States*

and National Shipping Authority, decided April 26, 1956," Mr. Jones continued.

"In this case a longshoreman took a hatch cover that was perfectly safe and good and put it in a place where a different hatch cover should have been, so it did not fit the hatch. When another longshoreman came aboard, stepped on the cover and the cover teetered, he fell into the hatch and was injured.

Judge Learned Hand, who wrote the decision, held that that vessel was unseaworthy as to that longshoreman, and even though the act which made it unseaworthy occurred just a second or so before the accident happened. The shipowner had to pay."

Robert E. Mayer, president of Pacific American Steamship Assn., said: "Incidentally, in the Sieracki case, the longshoreman could have sued the ship for negligence, and very probably proven it. He could still sue the ship for negligence."

There was, Mr. Mayer continued, in the Sieracki case, a split decision and the dissenting opinion included this statement:

"The court has thus indicated a new right in maritime workers who are not members of the crew of the vessel which has not hitherto been recognized by the maritime law or by any statute. For this we can find no warrant in history or precedent, nor any supporting policy or in practical needs."

"That," Mr. Mayer added, "was the view of the dissent in the case which started this whole business of making a longshoreman half a shoreside worker and half a sailor, enjoying the benefits of both."

He also added that the next two cases after the Sieracki case were *Hawn vs Pope & Talbot* in 1954 and *Petterson vs Alaska Steamship Co.* in 1955. The two points held in these cases were that even if the longshoreman himself is careless on the vessel he can recover against the ship. This in addition to recovering his full account from the stevedore. The Petterson case held that even if the entire cause of the accident was the stevedore's equipment and not the ship nevertheless the ship is liable in seaworthiness to the longshoreman.

Mr. Mayer also explained another situation which was raised by the *Ginnis vs Southerland* filed in Tacoma, Wash., March 9. In this case, the longshoreman was injured on a ship Oct. 9, 1955. Mr. Mayer said he presumes the longshoreman took compensation during the period before he filed suit in March.

"I don't know," Mr. Mayer continued, "but I presume he finally sued because it was time for a final decree in the compensation case. As his lawyer looked around for that third party to sue, and saw there wasn't any because, strangely enough, in this case the ship and the stevedore contractor were the same person. The steamship line in this case is the Grace Line, which happens in Seattle to own its own stevedoring company. Clearly under the longshoremen's and harbor workers' compensation act the longshoreman couldn't sue them. So he sued the captain of the ship. Now, there are some other reasons why the captain of the ship was sued: it grows out of some previous insurance that

applied to captains and general agents, which I understand no longer applies. But the basic fact was that there was no third party there."

Albert E. Rice, counsel for American Merchant Marine Institute, explained that in *Ginnis vs Southerland* a longshoreman was injured on board a vessel by falling down a hatch. Instead of seeking WC, he brought an action against the master of the vessel, alleging a right of recovery because of the negligence of the master in failing to take, or to direct others to take, precautionary measures. The plaintiff in this case is attempting to circumvent the limitations of the act which prevent him from suing his employer directly, and seeks a recovery which would eventually be paid by the employer, Mr. Rice said. If it is found that the master was not personally and principally at fault, he has a right to indemnification from his employer, the shipowner. Even if it were held that the master were directly at fault, it can be seen that employers would soon have to provide a suitable indemnification for employers who were subject to this kind of liability. The providing of indemnification for masters generally could lead to heavy exposure in many other types of cases where the shipowner now is protected. For example, in collisions a master would not be entitled to rely on the limitation of liability statute which protects the shipowner.

For some time, Mr. Rice went on, the court has held that under maritime law a "member of the crew" is entitled to recover for injuries merely upon a showing that the vessel was "unseaworthy" regardless of any negligence which might be attributable to the employer-shipowner. In fact, the Supreme Court has provided for seamen as "wards of the court", what amounts to a very liberal compensation act.

"We do not believe," he said, "that this should be applied to longshoremen and other harbor workers, employees of independent contractors, because they are not in the same position as seamen."

In answer to a question that if the owner of the ship had a ship that was not seaworthy, would that not be negligence on his part, Mr. Rice said that the shipowner is held liable for it, but it is not negligence. But, he said, the Supreme Court has held that where the stevedore employer and his employees have actually been negligent aboard the vessel and injured another longshoreman, the shipowner was liable even though he could do nothing to prevent the accident.

Mr. Jones explained: "We are trying to eliminate the extension of the old negligence law which applied to shipowners and made them liable for negligence and unsafe places to work in the case of stevedores; we are trying to eliminate what was fastened onto that of a warranty of seaworthiness even where the unsafe condition was created by the longshoremen themselves.

"My personal opinion is," he said, "that third party rights ought to be abolished; stop all litigation of longshoremen or harbor workers against anybody and instead of limiting them to the present \$35 weekly benefit, increase it. Then stop the practice of suing shipowners. Everybody realizes the cost of all this to the ship owner. He has to pay the stevedore for the compensation insurance and for the public liability."

Andrew Kalmykow, representing

Assn. of Casualty & Surety Companies, in referring to the Ryan case said "It is a cardinal principle of WC that in return for granting to the employee certainty of recovery regardless of fault, compensation payable by an employer is limited in amount. The Ryan decision destroys this basic principle of WC."

In the case, he continued, though there was no specific agreement of indemnity, the court held the stevedoring company liable on the grounds that its contract contemplated that the cargo would be properly stowed, and indicated that that implied a right of indemnity on the part of the shipowner, the question of fault of one party or another, and whether one was more important than the other party.

Such a situation frequently occurs in stevedoring operations. The employer indirectly must pay unlimited damages to his own employee to whom he is paying compensation.

Mr. Kalmykow, who spoke in support of the Kilgore bill, said that it is intended to remedy the situation by providing that the liability of the employer under the longshoreman's act is exclusive in such cases. This would not affect the amount or right of recovery of the employee against the third party. It would remove any possible conflict of interest between the employer and employee in the desirability of having an action brought against the third party. The bill would merely place the liability in such cases on the third party and avoid the possibility of shifting this burden back again immediately to the employer.

The main differences between the present provisions of the law and that proposed in Mr. Zelenko's bill is that under the latter there is no election required and the employee can both receive compensation and pursue his action at law (this also is in the clean bill), Mr. Kalmykow went on. Under present law when he receives compensation under an award, there is an automatic assignment to the employer or to the insurer. So, if he can receive both compensation and bring his action at law, in effect, under the Ryan doctrine he would be financing his ability to pursue an action against himself and Mr. Kalmykow said he thinks that that is an unfortunate result.

He suggested the following amendment to the Kilgore bill: "The carrier (insurer), however, shall not be liable for such deficiency if the cause of action of the employee or his dependents shall have been compromised, without the written consent of such carrier, at an amount less than the compensation provided by this act."

If a settlement is reached at a figure less than the amount of compensation payable, the settlement is actually being made on behalf of the insurer and not on behalf of the employee because he has no interest in that amount of recovery, he explained.

Bernard Chazen, Hoboken, N. J., lawyer, explained the manner in which compensation and third party suits are handled in New Jersey. The law provides that the lien which the compensation insurer has, which is paid back, has deducted from it reasonable attorney fees, up to a third of the amount received in the third party suit, plus expenses up to \$200, so that the insurer as well as the longshoreman shares the cost of producing the fund from the third party from which the insurer benefits. The theory is that the employer pays what

he is supposed to pay under the compensation act. When he gets back his lien, he is getting back a windfall that somebody—the attorney who sued in the case—had worked for. It is not fair to have the employee carry the full cost of the money of producing this fund from which he benefited. Therefore, Mr. Chazen said, the attorney fees should be distributed across the entire amount, including the lien of the employer so that the employer will get back his full lien less reasonable attorney fees and expenses.

Wallace M. Smith, manager of the Washington office of American Mutual Alliance, said that a primary problem brought about by the decision in the Ryan case is for the employee—no longer will employers voluntarily pay compensation to an injured employee before a formal award. Also, no longer will an employer care to prosecute an assigned cause of action against a third party. As Justice Black pointed out in the decision, to do so would only mean that an employer is prosecuting an action against himself.

A problem for the employer caused by the decision is that for all practical effects, under the circumstances present in this case, he no longer has the exclusive liability promised him by the longshoremen's and harbor workers' act. The practical result of the decision makes the employer pay the employee for his injuries in a much higher amount than under the schedule of the act.

This is the basic problem which, in the alliance's opinion, causes other problems in this area. A fundamental principle of the act is that an employer's liability to an employee is exclusively controlled by the act. Under the Supreme Court decision the employer no longer has this protection. He is faced with having his defenses taken from him, made subject to liability without fault, and now subject to common law damages in many instances.

Ralph D. Pittman, counsel of Texas Employers Insurance Assn., Dallas, who worked with representatives of steamship owners, longshoremen's union, Assn. of Casualty & Surety Companies, America Mutual Alliance, etc., to write the clean bill, noted that if some remedial legislation is not passed, it will result in increased WC rates. This is because there is a liability placed on a stevedore contractor that was never the intent of Congress. With the liability that now is imposed, the rates will have to become comparable to liability. The increased cost will be charged to the steamship owner, he went on.

In commenting on the clean bill, Mr. Zelenko said the clean bill apparently encompasses the provision of the Kilgore bill which would remove practically all defenses of negligence of any kind. If one were to go into a court on a third party case with this provision in the law, he said, it would amount to giving damages on a compensation basis—compensation, of course, is giving recompense for injury without regard to fault.

This provision, he continued, removes all limitation on the basis of compensation. This will, in effect, give compensation against a third party because it does not have anything to do with fault. All fault apparently is removed. This, he said, is a very good bill for longshoremen who are injured, but, he said he does not think it is a good bill for a third party who has to defend on the basis of negligence.

Ralph B. Dewey, vice-president of

Pacific-American Steamship Assn., said that Mr. Zelenko's point about seaworthiness is the issue before the committee. It is a defense, but it is so remote from the operation that to call upon it as a cause of action definitely is creating an inequity between the parties involved and he said he urges that the remedy of seaworthiness in third party suits be incorporated in any legislation passed.

There is a fine line between seaworthiness and negligence and it is an unusual situation where negligence is bypassed and unseaworthiness is charged that causes the inequity before the law.

The longshoreman has every opportunity to sue for negligence and the shipowner cannot divest himself of one iota of that responsibility, he continued. In the case of injury aboard ship because of a damaged pontoon in the hatch covering and where the hatch covering itself goes right through the entire ship, upon finding a damaged condition, almost without exception, it will also be found that those cases can be pinned down to negligence.

Mr. Smith returned to the committee to speak in favor of the clean bill. The basic principle of the longshoremen's act was to make certain an award to an injured employee in exchange for the exclusive liability given to the employer. However, bringing a third party in the picture where the employer was injured, he goes through the third party over to the employer and the employer circumvents that and is paying the employee. Mr. Smith said he thinks that what will happen as a result is that every time there is a third party in such an action the ship owner will bring in the employer and join him in the action with the possibility that the exclusive liability will never occur in such cases again and the employer will have to pay. It will result in excessive litigation and a backlog of cases of courts, which are already overcrowded. But, more important than that, Mr. Smith concluded, is the fact that the decisions are getting away from the basic principles of the act.

### Royal-Liverpool Agents' School Accredited

The New York department has accredited the agents' school conducted by Royal-Liverpool. The school will begin its fourth season Oct. 1. Directed by James A. Baxter, superintendent of education, the course features 35 guest lectures by executives and department heads who discuss their own particular specialties.

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Enrollment is limited to 25. Application is made through local Royal-Liverpool field men or directly to the education department.

### AIU Issues Big Bond

American International Underwriters have issued a bond to the Australian government for American contractors' work on the \$12 million Adaminaby dam, a portion of the country's Snowy mountain scheme.

John Pumphrey has been elected president of A. H. Baker & Co., Washington, D.C., agency, succeeding the late C. R. Barker Sr. Also elected by the agency are C. R. Barker Jr., vice-president and secretary, Mrs. R. H. Orice, treasurer, and R. E. Earll, assistant secretary.

## What to Do About Package Policy Problems

(CONTINUED FROM PAGE 6)

come under the IM rate law. If not, these policies are generally authorized under the miscellaneous powers section which in turn is usually regulated by the casualty rate law, it could be claimed that they are subject to regulation under that law. However, this does not appear proper and the addition to the rate laws suggested above will accomplish the desired purpose as it refers to all-risk policies, he said.

Mr. Perlet suggested that standard fire policies continue to be used until additional information is produced that they are retarding development of multiple line policies. The very most that should be done is to make them a standard provisions law with permiss-

sion to revise the insuring paragraph to include additional perils.

These recommended changes, he believes, would do the least violence to the existing systems and yet provide the necessary revisions to eliminate legal road blocks which may exist to the development, filing and regulation of package policies.

In reaching his conclusions Mr. Perlet pointed out that multiple line laws have not affected the definitions of kind of insurance in the powers statutes; and he does not believe that if a given policy can be classified under one kind of insurance, addition of another kind of insurance creates a "new" kind. The kinds of insurance

authorized by law do not lose their separate identity because they may be grouped for convenience in an ML contract, whether the premium is divisible or indivisible. The authority to write any kind of package policy, if it exists, must result from a combination of the powers statutes and not from the creation of an administrative "new kind" of insurance.

If the authority cannot be found from a combination of the powers statutes, then the power does not exist and these coverages cannot be written, he declared. In many cases it may require two or more sections of the powers law to grant complete authorization to write a package policy, he said.

Generally all-risk policies must be authorized under the miscellaneous powers section. Usually the casualty rate law is the applicable law, though it is conceded that fire and allied perils are predominant. Therefore, it does not appear appropriate to have the contract filed under the casualty rate law. Hence, Mr. Perlet's suggested new rate law section.

Filing such coverages, whether through bureaus or by independent filings, presents its problems, he noted. Often there are three bureaus licensed in each state, fire and inland marine licensed under the fire rate law, and casualty licensed under the casualty rate law. The jurisdiction of each is circumscribed, by the rate law and by its license. The latter can be less than but can never exceed the scope section of the rate law.

In summary, under the present rate laws a filing containing both fire and casualty coverages must be filed under both rate laws, and, if rating bureaus are to be the vehicle employed, the filing must be made by that combination of rating bureaus whose license authority is co-extensive with the perils in the contract, or by a single bureau if licensed under both rate laws.

If the filing can be made legally by two or more cooperating rating bureaus, can it likewise be made by companies making independent filings, (1) where the company belongs to no rating bureaus and (2) where it belongs to one or more but not all bureaus. Under (1) the company would have to make its independent filings in the identical manner prescribed for the rating bureaus. The requirements for justification, adherence, etc., are identical for company and bureau, he said, though in the past there appears to have been a double standard applied in some cases.

Portions of coverage for which a company does not belong to a rating bureau will have to be filed independently. As long as its filing is the same as that filed by the bureau no complications are introduced. However, in many cases a company makes independent filings because its coverages or rates are not identical with bureau filings and this presents a problem which is very similar to that arising under deviations.

Both rate laws permit deviation from bureau filings. This phenomenon can be expected to continue and possibly expand in the package policy field, he said. If a company wishes to deviate from these policies, it is necessary to determine the area of deviation and then refer to the deviation sections of the applicable rate law. This can be involved because the casualty rate law permits percentage deviations only, whereas the fire rate law generally permits deviations in both forms and rates. Again this has no bearing

on the legal situation but only upon the application of the law to a set of facts.

Mr. Perlet called attention to the problems in drafting ML policies, and emphasized the differing practices in drafting between the fire people and the IM-and-casualty people on the other. In the fire field it has been customary for about 75 years to use a standard policy containing a set of basic conditions such as cancellation, appraisal, subrogation, etc., and then provide coverage by means of forms and endorsements. In the casualty and IM field it has been customary to devise a special policy for each differing kind of coverage. However, even in these latter fields there has been a tendency on occasion to follow the fire practice.

He reviewed the principal reasons for standard fire policy laws—to promote concurrency, especially where several insurers have part of the risk; standardization so that all buyers know what they are getting regardless of the name of the insurer; certainty of interpretation and loss settlement by uniform wording and correct interpretation; elimination of "fine print" and other sharp practices, and universal acceptance by lending agencies.

These are all very compelling reasons for retention of a standard policy, he said, particularly in the property damage field where the splitting of a line (other than possibly dwellings) is the universal practice as contrasted to the third party liability field where such splitting is the rare exception.

It is evident that some type of policy must be used and the basic conditions and provisions of the standard fire policy are the same elements which would be required in nearly any property damage policy. In actually working with the situation, he said, insurers have not found it an insurmountable or even a very difficult matter to adapt the coverages to the standard fire policy.

In drafting package policies, he said, two approaches generally have been used, all-risk and named-peril. The two can be brought very close together, he suggested, because the named-peril contract can be expanded to the point where it can almost be as all-embracing as the all-risk form. However, he mentioned that one attempt to enumerate perils resulted in a list of about 165 which did not exhaust the field. Beyond this, however, lies the very fundamental difference in burden of proof. Under all-risk, if a company desires to deny liability, it has the burden of proof to show that a given loss comes within one of the exceptions for which it did not agree to provide coverage. Under named-peril, the burden is upon insured to prove the loss was caused by a peril enumerated in his contract.



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## Move to Integrate Claim Lawyers Into ABA Insurance Unit

Efforts to form a new section of the American Bar Assn., to be called the section on negligence, workmen's compensation and trial practice, received a setback at a recent annual meeting of the ABA at Dallas. Though sponsored by National Assn. of Claims Attorneys and recommended by the ABA board of governors, it became apparent that the proposal would be voted down in the house of delegates. Accordingly, the board asked that its recommendation be referred back to it.

At the same meeting, the insurance section of the ABA, on recommendation of its council, asked the house of delegates for permission to change the name of the insurance section to "section on insurance, negligence, and compensation law."

The same day the house of delegates referred both of these matters to the board of governors.

## Moore, Case Has Changes

Moore, Case, Lyman & Hubbard agency of Chicago has appointed Robert J. Olsen comptroller and personnel manager. He has been with Jewel Tea Co.

The agency also has named Ralph Kuhagen as administrative assistant to Vice-President C. T. Rothermel Jr. in charge of the life department. Mr. Kuhagen was with America Fore for 12 years until 1941 when he joined Continental Casualty, serving as manager of the recording department and for the last four years in the comptroller's office.

## 1,000 Attend Bar Assn. Insurance Section Rally

DALLAS—More than 1,000 members of the insurance section of American Bar Assn. were brought up to date on legal and regulatory developments in all branches of the business during a busy three-day convention here this week, with more than a score of speakers contributing to the deliberations. Major emphasis was placed on the need for remedial legislation that would spell out the powers of regulatory units, with several speakers specifically mentioning the decision of the Federal Trade Commission on accident and sickness advertising.

Elected without opposition at the Tuesday session, as new officers of the insurance section, were: Chairman, Beale Rollins, Baltimore; chairman-elect for 1957, L. J. Carey, Michigan Mutual Liability, Detroit; vice-chairman, Stanley C. Morris, Charleston, W. Va.; secretary, Welcome D. Person, Oklahoma City, and new members of the council—J. Roth Crabbe, Columbus, former Ohio superintendent, and Victor A. Lutnicki, John Hancock Mutual Life, Boston.

## Two Named in Michigan

George Woodworth has been appointed assistant chief examiner of the Michigan department in charge of fire, casualty and multiple line examinations, and Donald Fritz has been named assistant chief examiner in charge of life, A&S and hospitalization company examinations.

## Dwelling Class Gets Critical Eye

(CONTINUED FROM PAGE 1)

ing exerted on the class. Package policies, such as the homeowners and the comprehensive dwelling policy, are skimming off the best, to further debase the remainder of the fire-EC dwelling business. Since this is being done in a highly competitive atmosphere, at a package price that starts discounted, and since the loss ratio on the package policy is running fairly high for a new form, even the insurer pooling package policies with other dwelling items may not be very far in the black today.

Hurricanes, tornadoes, cyclones, hail and ice storms rob the selective underwriter of a traditional defense. He can still guard against the fire peril to some degree and continue to do better than average. But only to a limited extent can he guard his book of business against the violence of the elements. His catastrophe cover is going up and up. Hence the anxiety of the New England mutuals to get \$100 deductible.

The development of the installment payment of term premiums made the peewee premiums look even less adequate to pay their way. The rise in commissions has not helped the company account.

It is not surprising that the companies are studying the class closely. They are looking into the matter of minimum premiums. They are surveying the possibility of applying machine processing to the writing of dwelling policies. Allstate now is doing this, and it is obvious that the expense of handling small items is going to increase if the direct writers move into this field more aggressively, as there are indications they plan to do.

The action in Texas to establish grad-

uated fire and extended coverage rates for dwellings in that state is an effort to overcome the very serious weakness in this type of risk. This experiment is being watched with interest country-over, even though many underwriters are not convinced it is a solution. On the other hand, coinsurance, which is still in effect around New York City, is not a practical solution to the problem either, according to underwriters.

One underwriter made the study of 300 dwelling losses which were \$5,000 or less. He found that the insurance was generally 40% in relation to value. Partial losses over the term of the policy, an average of three years or more, averaged about \$100, or four times the premium. Having gone that far, the underwriter applied a factor covering a normal office expense, field costs, and commission. The dollar cost added up to more than the premium before any loss was experienced at all. In other words, the company had about as much chance of making a profit as the player of a slot machine in Las Vegas.

This company is cancelling dwelling policies of less than \$5,000. However, it does not cancel under-\$5,000 amounts without making an attempt to get insurance up to value. This it does by red flagging all coverages under \$5,000 on dwellings and calling attention of insured to the danger he runs of having a loss of which he may have to pay a good deal more than half.

Underwriters generally report that it is not unusual to see a \$5,000 3-year policy in the files under which have occurred five picayune losses from \$25 to \$50 during the term of the contract.

## So. Cal. Buyers to Hold Conference

Southern California chapter of American Society of Insurance Management will hold a panel-type buyers' conference at Los Angeles, Sept. 19. Panel subjects, speakers and their topics are:

Health Insurance and Hospital and Medical Costs—Irvin L. Snyder of North American Aviation, moderator; "The Insurance Company's Viewpoints," by A. B. Halverson, assistant vice-president of Occidental Life; "The Hospital's Viewpoint" by B. J. Caldwell of Pomona Valley Community hospital, and "The Physician's Viewpoint" by Dr. Leon Desimone.

Comprehensive Dishonesty, Disappearance and Destruction Bonds—Matt B. Stamey of Lockheed Aircraft Corp., moderator; "Bond Forms and Recent Trends" by John R. Taylor of Cosgrove & Co. and "Claim Adjusting Problems" by Laurie Coughran of Fidelity & Casualty.

Comprehensive General Liability—Forrest I. Lofgren of Forest Lawn Co., moderator; "How Comprehensive Is Your Comprehensive Liability Insurance?" by Douglas Freeman of the Wren & Van Alen general agency; "Contractual Liability and Hold Harmless Agreements" by Virgil Howell of Mund, McLaurin & Co., insurance analysts, and "Products Liability" by J. C. Spencer of Swett & Crawford, managing general agents.

Planning Sound Insurance Programs—William E. Reimer of Carnation Co., moderator; "From the Broker's and Agent's Viewpoint" by A. N. Bushnell Jr. of Neil, Akers & Co., insurance brokers; "From the Carrier's Viewpoint" by John D. Adair of Founders, and "From the Buyer's Viewpoint" by William A. Miller of Richfield Oil Corp.

Frazier Wilson of United Air Lines, president of American Society of Insurance Management, will speak at the luncheon on "The Corporate Insurance Manager's Place in the Insurance Economy" and A. L. Kirkpatrick of U. S. Chamber of Commerce will speak at the banquet on "The Insurance Picture as Viewed from the Washington Scene."

## N. H. to "Meet the Press" on Compulsory

A panel session on compulsory auto insurance for newspapermen of the state will highlight the opening day's program of New Hampshire Assn. of Insurance Agents' annual meeting Sept. 10-11, Crawford Notch.

The association had planned a casualty conference panel for the opening day, but when a recent survey revealed a lack of public knowledge concerning compulsory, publishers and editors of all the daily New Hampshire papers were invited to attend and ask all the questions they wanted. The association explained that the press will be there not to get a story but to get background information for use when compulsory comes before the legislature next January. So far eight of the state's nine daily papers indicated they will be represented at the meeting. This is said to be the first attempt in the nation to inform the press on a mass scale of the issues involved in compulsory.

O. V. Ashley is establishing his own independent casualty adjusting office at 1515 Sunset drive, Norman, Okla. He was with Western Adjustment as a casualty supervisor for 2½ years and before that had his own adjustment firm at Shawnee, Okla.

## Auto Rates Expected to Go Up Substantially in Cal. This Year

LOS ANGELES—The California department is expecting increased automobile rates for the state before the end of 1956. Losses have continued to mount in California as they have across the country, and the department has been giving study to the problem. It is expected that new rates will take into consideration the trend factor in BI and PDL, and that a rate increase in the vicinity of 26% will be needed.

The California figures probably will be combined with the independent statistics compiled by Pacific Coast Advisory Assn. to establish full credibility. The bureau members write a minority of the business in California, and the use of the advisory association's statistics would enable it to promulgate rates on a more complete and realistic basis.

## A & S

(CONTINUED FROM PAGE 25)

## Kelly Elected V-P of United Pacific

Frank E. Kelly, manager of United Pacific's group A&S department, has been elected a vice-president of the company.

Mr. Kelley has been with the company for 10 years. He began his career as field supervisor for the A&S department and has been manager of the department since 1950. He was elected an assistant vice-president in 1955.

## Toohey to Wyoming for Mutual of Omaha

William B. Toohey has been named manager of the Wyoming division of Mutual Benefit H. & A. and United Benefit Life to succeed General Agent E. Shaw of Cheyenne, who is retiring after 33 years with the companies.

Mr. Toohey joined the companies in 1952 as district manager for Montana and was named assistant director of field operations for the sales division of Mutual Benefit in 1955.

## Hartford A&I Names Gibson at Minneapolis

Samuel W. Gibson has been appointed supervisor of the A&S department of Hartford Accident at Minneapolis. He was a member of the State Department's foreign service before joining the company.

## Repeals Mail-Order Code

WASHINGTON—The Federal Trade Commission's code governing mail order insurance has been repealed by the FTC. Hearings were held on the proposal to drop the mail order code, in view of the promulgation of the FTC code covering all A&S insurance. The proposal was the subject of a hearing some weeks ago. No opposition developed and the repeal of the mail order code was regarded as a foregone conclusion.

## Mutual Benefit H.&A. Names 2

William Fleckenstein has been named manager of the internal audit department of Mutual Benefit H.&A. and John D. Minton has been named administrative assistant to W. J. Mangan, secretary and comptroller of Mutual Benefit.

Mr. Fleckenstein joined the company in 1949 and Mr. Minton in 1950.

## United Reinsured Business of 11 Insurers in Last Four Years, NAIC Exam Shows

A 90-page report of the examination of United of Chicago by Zones 2, 3, 4 and 6 of NAIC has been filed. It covers the period Dec. 31, 1950, through Dec. 31, 1954, and of interest is the fact that during this time United reinsured all or part of the business of 11 companies, mostly southern.

Negotiations for the acquisition of other companies by United was handled through this period by Investors Finance & Thrift Corp., which has the same address as United. In the four years, United assumed \$14,229,070 in life reserves, received \$14,523,954 in assets, and paid \$4,844,330 in acquisition expense. The companies involved were People Guarantee & Life of Greenville, S. C.; Safety Drivers of Phoenix; All States Life of Montgomery; North American Ins. Co. of Jackson, Miss.; Service Life & Health of Columbia, S. C.; Old South Life of Montgomery; Unity Mutual L. & A. of Los Angeles; Service Life & Health of Jackson; Consolidated of Nashville, Dixie Life & Health of Tampa; Capital Life of Columbia, S. C., and Commercial Benefit Life of Birmingham.

The report comments that: "Of note also in the reinsurance of some companies is the fact that as a result of the acquisition of control by Investors (Finance & Thrift Corp.) of the ceding companies during the reinsurance negotiations that some officers of United became officers of several of the ceding companies and participate in the decisions of both managements during the interim between the date the reinsurance is entered into and the effective settlement date ultimately reached."

The report goes on to say that the reinsurance files and records of United do not contain certified listings of the assets conveyed by the ceding companies to United, although certain of the reinsurance agreements stipulate that such listings should be furnished.

"The assets received and acquisition expenses relating to the various reinsurance agreements b e t w e n United and other companies during the period under examination," the report adds, "reflected in the various schedules embodied in these comments on 'reinsurance treaties and business acquired' are the sums recorded in the company's books of account. A full analysis of disbursements allocated to acquisition expenses in connection with the reinsurance of business of other companies during the period under review, in order to trace funds disbursed to the ultimate recipient, in many instances is impossible, because most disbursements for acquisition expenses have been made to Investors Finance & Thrift Corp., an affiliate of United, and not directly to the reinsured companies."

Remarking that while the accounting system appears to be adequate for recording the financial and insurance transactions of the company, "the impact on the accounting system of assuming large insurance businesses through reinsurance from time to time, along with the absence of full financial details of such transactions to clearly record these transactions, resulted in abnormal amount of accounting entries originating in journal entries. As a result, the accounting records did not enable a ready verification of the company's annual statements. In some instances ledger accounts had not been properly closed and footed. In some instance, also, pencil journal entries had been made to the ledger control accounts at some year-ends. In general, considerable difficulty was encountered in the accounting phase of the examination. Difficulty was experienced by the examiners in obtaining records relating to investment assets of the company which had been acquired through reinsurance."

## N.Y.C. Agents, Brokers Outline Objections to PPF Restrictions There

A plea for moderation in the controversy over the personal property floater coinsurance clause, which is scheduled to become effective in New York City Sept. 1, has been voiced by John C. Weghorn, New York City agent, on behalf of the liaison committee of New York City Agents Assn. The Jaffe agency also has commented on the situation in its *Points and Viewpoints*.

Also, in a letter to the insurance department, Greater New York Insurance Brokers' Assn. has asked if the new 80% coinsurance clause and the mandatory \$100 deductible are unfairly discriminatory because they are applicable only in the four boroughs.

Mr. Weghorn stated that for many years agents have urged a change in the PPF somewhat along the line proposed by Inland Marine Insurance Bureau since it is becoming increasingly unprofitable to write the line in Manhattan, Queens, the Bronx and Brooklyn. However, Mr. Weghorn believes the IMIB changes go somewhat too far.

He said the agents have found that many brokers are withholding placement of new business and renewals on PPF because of the uncertainty of the future. They feel, apparently, he said, that the proposed new clause is so restrictive as to make it impossible to sell the PPF with it.

The chief complaint against the proposed clause is that it is applicable separately to each of the unscheduled items A to O. Mr. Weghorn said he feels that if the coinsurance clause were made applicable as to all unscheduled items, with a loss limit on each item based on insured's declaration of value, the PPF would be both profitable and eminently salable. This, with a deductible applicable to all losses except fire and lightning and the proposed rate increase might ease a situation that has plagued producers many years, he continued. He does not want to see the coinsurance clause dropped but the application of it could spell the difference between profitable merchandising and no sales at all.

The brokers ask if IMIB has supported its filing with verified statistics to indicate the need for the use of the coinsurance clause in these counties, and the absence of any such need in the other counties of the state? Has a proper discount been allowed because of the use of the coinsurance clause? Is there an actuarial foundation for separate limitations of liability and application of the coinsurance clause to the 15 items in the unscheduled declarations?

Also, since the rate is predicted on the total amount at risk, what if insured has over-valued one or more items but under-valued the one involved in a loss? Should insured be subjected to a mandatory deductible on a secondary residence located outside the four counties?

The Jaffe agency likes the 80% coinsurance clause applying to the entire unscheduled amount. Most brokers agree that insured in these parts are sufficiently educated on coinsurance to make this requirement long overdue.

A single over-all coinsurance clause can be reasonably enforced and should certainly maintain proper insurance to value. Also, the agency thinks that a limit of liability on each of the (a) through (o) classes could be lived with as an alternative to coinsurance. The agency also thinks the mandatory \$100 deductible is needed, and a fair number of brokers go along with this view, to take the maintenance feature out of the policy. However, many seem to believe a mandatory \$50 deductible is sounder, if only because the public is somewhat conditioned to \$50 deductible in windstorm, collision and comprehensive.

## Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

laws which warranted the bringing of civil or criminal proceedings against either of the two organizations, or against the officials of either.

"However, I am also advised that the Department of Justice has not yet closed its inquiries into the practices of the fire insurance industry, and that further investigations may take place. If so, these will be directed from Washington, D.C., and will be on a national rather than on a local basis."

### Marsh & McLennan-Cosgrove Discuss Merger

Word of an impending merger of Marsh & McLennan and Cosgrove & Co. has been circulating this week among insurance men. While executives of M&M. and Cosgrove & Co. have been discussing for several weeks the possibility of a merger, there has not yet been a meeting of minds on the proposal and no such merger has been decided upon. Negotiations, however, are still being conducted.

### American Files American Auto Proposal

American of Newark has filed a statement with Securities & Exchange Commission to register 1,750,000 shares of its \$2.50 par capital stock, to be offered to holders of all 1,750,000 shares of American Automobile, on a share basis, conditioned upon at least 1,400,000 shares of American Auto being tendered for exchange.

The SEC stated that Kidder, Peabody & Co. has agreed to use its best efforts to form and manage a group of dealers to solicit tenders of American stock in acceptance of the exchange offer. According to the prospectus, the managements and board of directors of both companies believe that integration of their managements and operations, with resulting interchange of experience and operational techniques, will give added strength and balance to each company at this time when, for competitive reasons, it is increasingly desirable that full multiple line facilities be offered on a national basis.

### New Amsterdam Is Entering Fire Field

George E. Scuff has been appointed vice-president of New Amsterdam Casualty to direct the fire operations for that company and its affiliate, U. S. Casualty. The two insurers are expanding their fire operations, previously confined to dwelling and household contents risks, to embrace all fire and allied lines.

Mr. Scuff has resigned as vice-president of Sterling Offices to take over the New Amsterdam-U. S. Casualty post. He is widely experienced in the fire field, in production, underwriting and executive capacities. Prior to joining Sterling Offices he was U. S. manager of Halifax, 1949-54. He started with North British in 1925, went with Royal Exchange in 1926 and after several years in the West Virginia and western Pennsylvania field he became assistant general agent at the head office in New York in 1939, then general agent.

George J. Hricko, who has been with New Amsterdam for some time, has been named assistant secretary and will assist Mr. Scuff.

### Freedom Agrees to Revise Prospectus

Freedom of Berkeley has agreed to revise its registration statement with Securities & Exchange Commission, at an SEC hearing on whether the company's proposal to sell 1 million shares of common stock for \$22 million should be suspended. SEC had questioned the company's registration statement, particularly as respects an agreement between Freedom and Uni-Insurance Service Corp. SEC charged Freedom had failed to disclose the fees to be paid Uni-Insurance for selling the stock.

Freedom consented through its attorney to the entry of a stop order by SEC. Under it, the company cannot sell its stock until after it amends its registration statement. The amendments will be subject to commission scrutiny.

### N. Y. Society Has Self Insurer Classes

The school of insurance of Insurance Society of New York is offering several courses for personnel of self insurers. Those which, in the past, have been the most help for such persons are on workmen's compensation, anatomy and physiology, trauma and disease, pensions and pension plans, group insurance, compensation insurance claims, a seminar on compensation insurance claims and a survey of insurance contracts.

The fall term of the school begins Sept. 17 and Sept. 14 is the last day for registration. The courses last 16 weeks.

Further, the agency feels that a few coverage restrictions might very well have been introduced, notably money coverage and pet damages, which are real headaches. But the agency is not so sure about the other features, co-insurance and a limit of liability applying to each of the (a) through (o) declarations separately. Would any insured (other than the marginal risk who will try to get any kind of coverage he can) buy the policy if he is fully aware of the enormous burden placed upon him?

### Chicago Surety Underwriters Name Nominating Committee

Surety Underwriters Assn. of Chicago began its fall schedule of business meetings with the election of a nominating committee.

Members of the committee are Arthur F. Evans of Fidelity & Casualty, L. U. LeMessurier of Employers Liability and Robert Munsell of Columbia Casualty. The association will hold its election meeting in November.

The joint fall outing of the Milwaukee and Chicago associations will be sponsored by the Chicago group this year on Sept. 25 at Elmhurst country club.

### Unusual Block Policy Losses to be Reviewed

MINNEAPOLIS—Unusual losses to mercantile block and package policies will be discussed by M. W. Whitelaw, executive supervisor of Western Adjustment, at the first fall luncheon of Insurance Club of Minneapolis Sept. 10.

Ernest S. Abramson has been elected vice-president of Reichart-Silversmith agency of Denver.

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